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West Europe Report

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WEST EUROPE REPORT

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DEFRAIGNE ON DECLINING INFLUENCE OF PARLIAMENT

Brussels KNACK in Dutch 4 Dec 85 pp 35-43

[Interview with Jean Defraigne, Liege lawyer and member of parliament, on the lost prestige of parliament by Frans Verleyen and Chris de Stoop: "Sometimes Certain Things Must Simply Be Said"; date and place not given]

[Text] In recent years, the Belgian parliament has been afflicted by special powers, mammoth laws, absenteeism, legal proceedings and other ills, but fortunately it has had a strong personality at the helm: the Liege lawyer Jean Defraigne (Liberal Reform Party [PRL]), who has now been a member of parliament for exactly 20 years, forcefully wielded the chairman's gavel during the Martens III and Martens V administrations, and was respected more by the opposition than among his own majority because of his always independent positions.

His speech following the Heizel tragedy in particular, when he denounced the failure of those who were in responsible positions, was applauded by some but others considered it his swan-song with which he made his position definitively untenable among liberals and Christian democrats. This would be particularly sad for our parliament, where discouragement has grown a great deal in recent years because real decisions were made less in the hemicycle than in the smoke filled rooms of the cabinets and party headquarters.

Question: Do you also have the impression that it is increasingly difficult for a parliament to exist in a socio-political environment which is increasingly less friendly toward parliament? That the parliamentary spirit is seriously deteriorating?

Jean Defraigne: Undoubtedly. A few months ago I read a survey on the Belgian institutions. Only 15 percent of the people felt that parliament had the greatest influence, but to the question of desirability more than 60 percent answered that it was precisely parliament which should have the greatest power. Such a contradiction speaks volumes. What is the reason that parliament's power has been emptied? First of all, it is the same people who have to make decisions in the parties and in parliament, and once something has been decided it should not be decided again somewhere else, otherwise there will be a risk of contradiction. The same is true for the government bibles in which small issues are also settled, and which consequently do not need to be decided a second time either. In the past, a government declaration was three sheets long, but because of distrust among the parties they now require written guarantees for everything.

Secondly, there are the pressure groups, the unions, the health insurance funds and the like, which do not present their grievances to parliament, but play out their influence directly with the government and with the media. Of course, the advent of the media is in and of itself already an important factor: someone like Minister Tindemans who now explains his views on the Geneva negotiations on RTBF, would in the past have done this in a parliamentary committee or in a plenary session. The work is also becoming more and more difficult; parliament is really drowning in problems. That affects its effectiveness, and to have power one must, above everything, be efficient. The contract to equip parliament with data processing equipment will probably be signed this month yet, which will somewhat reduce the work already. In order to know what has already been asked and answered about a subject, representatives now have to undertake lengthy research, but then a push of a button will be sufficient as in the French parliament.

Parliament has indeed lost a great deal of prestige, but one should not forget that this is true for everything, the family, the school, the employer, the whole political scene. Public opinion is also better equipped and trained to spout criticism. When I was a small boy, municipal council elections were followed closely but the national government was less targeted simply because people knew less. In a democracy one fortunately has the right to express criticism; it is precisely in totalitarian states that the institutions still enjoy some prestige. The danger in our country, however, is that a citizen who expresses his opinion no longer accepts the possibility of it being rejected by the majority, that he no longer recognizes the legitimate authority of numbers.

Question: Public opinion is better trained, but the members of parliament seem to be experiencing a reverse evolution, aren't they?

Defraigne: That is true. I am following closely the French debate on the electoral system, and some politicians there feel that the proportional electoral system precisely strengthens the influence of the parties and reduces the quality of the candidates. That is the problem here. But the fact that we have fewer high class members of parliament now is also due to the disappearance of the so-called "elite" and "bourgeois," who did have training and tradition. Now we see people who lack the necessary training, who make it only via their social service. I recognize that it is necessary for a member of parliament to help citizens with their problems, but couldn't this be taken care of by his political secretary? After all, the parliamentary parties now have much more personnel than they used to have. And then the members of parliament could devote themselves to thinking, the large issues, that is their task. They should also concern themselves less with details; they are turning too much into technocrats.

Kamikaze

Question: Professor Storme occasionally says that today's members of parliament have become mere social workers.

Defraigne: Yes, of course. And that is not acceptable. But then I ask the question: why did Marcel Storme, Guy Schrans and those few high quality figures specifically leave parliament?

Question: According to Prime Minister Martens parliamentary work is not seen enough as a fulfilling calling. Members of parliament usually dream of escaping parliament and becoming minister or secretary of state or something like that.

Defraigne: That is both a reason for and a consequence of deteriorating parliamentary power. I myself have been minister for more than 3 years, and as chairman I have also managed a kind of ministerial cabinet here. But the work is basically of a different nature; it is a totally different approach to the problems and the possible solutions. Now, if a member of parliament really plays a significant role at the legislative level and in the area of major social choices, then he will automatically be less tempted to become a minister. But then he should also be given the resources and status of a minister. Listen, people will say that we are currently living in a crisis period -- and I am not pleading for myself, because a parliamentary chairman is not that badly paid -- but for a member of parliament who does not have a working partner, who only receives his salary and whose costs are very high, it is impossible to live in the circumstances in which the country's officials normally should live! I am also well aware of the fact that the communists receive the wages of a factory worker and give the rest to the party, but that is really not proper for a member of parliament.

Question: Who is to blame for the depreciation of parliament? Is it parliament itself which is becoming separated or is it the government and the cabinets which are taking too much power?

Defraigne: I don't think that the government is really intent on expanding its power. It is simply the result of a whole series of rules which everyone accepts without question, which nobody dares to go against. Here also the representatives are tied hand and foot to their party. In the current French electoral system, whether it takes place in one round or two, members of parliament have more independence with regard to their party because it is "their" election, because "they" have personally earned the favor of the voters. But how can one vote for anything but the parties in our system? The individual revolt of people is a good thing, but few people in our parliament feel called to be kamikazes.

Question: But you yourself have taken quite some risks, haven't you? Did you have to push hard now for your chairmanship?

Defraigne: I only banged on the table when they proposed to keep the senior member on as chairman, which would really have been an act of distrust and a rude way to disavow me. I did indeed take risks, but they were well weighed every time. There are times when certain things simply have to be said. Following the Heizel disaster on Wednesday evening 3 or 4 days went by during which others could have asked the question about responsibility, but because that didn't happen I did it on Monday. I was criticized a great deal for that.

Fortunately this was followed by the sound work of the investigation committee. But everything went wrong in the debate on the subject: the PRL in particular behaved lamentably. First there was the tough speech by Robert Henrion, and then they decided not to vote on the committee's conclusions; that made me so angry. I don't like horses that refuse to take an obstacle; I prefer that they take the risk of falling on their face. At that time I didn't succeed in turning in my resignation from the PRL however; I had already written the letter, but as is well known at that time the lid flew off the kettle in a different way. Fear for my position has never yet kept me back however. As soon as a majority of the House wants me to leave, I will do that.

Technocrats

Question: But even the chairmanship is not arranged by the House; it is part of a package deal worked out at Stuyvenberg.

Defraigne: True, and I regret that; something like that should be returned to the hands of parliament itself. In England the function of chairman is completely protected, which guarantees a high degree of independence, but here things are much more awkward.

Question: You also stuck out your neck pretty far in connection with the special powers. The first time you voted in favor of them, the second time you abstained, why not vote against them a third time?

Defraigne: That depends on the concrete text. I don't say in principle: that cannot be done, because I am in favor of a redistribution of the cards between the legislative and the executive power. Some things should simply not come before parliament, such as the numbering of highways and the like. Members of parliament get too much of a technocratic role; they should be concerned more with decisions of principle than with technical solutions. But if you want to regulate the retirement age of professors, then I say no, that is not a technical matter but it concerns the social order and thus should be handled by parliament. My basic criticism of the special powers is that they are implemented haphazardly, hoping for the best. For 50 years now, they have been working on and off with special powers; that should really be regulated in the constitution. I am very sorry that the new parliament is not a constituant one, because after 150 years of Belgium's existence some things really could stand revision. And here I am obviously talking about Brussels, but also about all the other non-community related issues. For example, the fact that we are now in a situation where a European treaty is more directly applicable than our constitution is after all rather paradoxical. All of that must be rethought. Our parliamentary constitutional monarchy must also evolve. Should we go more or less toward a presidential system, in the direction of the French or the American system? The fact that we are stuck with two communities here is always a handicap.

Question: The House has been greatly renewed and rejuvenated now. Don't you find it a little cynical that quite a number of those youthful members of parliament immediately put themselves out of the game by voting for the special powers?

Defraigne: That breaks my heart and deeply disappoints me. When I got into parliament as a young man in the mid-sixties, the then Vanden Boeynants government also requested special powers and I voted against them. Whereupon the liberal Van Audenhove said that I had no political experience at all and didn't know anything about it.

Question: Couldn't we propose as an alternative that parliament commit itself to respect a strict time limit for certain matters?

Defriagne: And if that limit is exceeded, then the law is automatically adopted -- yes, that could be a valid alternative. As a matter of fact, the basic problem of those special powers is the time during which a measure is adopted. One could also give some thought to eliminating treatment in the plenary session, so that votes in committees would be sufficient.

Question: But then we would be another step higher in delegated democracy.

Defraigne: The committee and parliament, that is the same isn't it? After all, it virtually never happens that the plenary session votes differently from the committee. It is true that the small parties have no right to vote in those committees, but they can attend the sessions, introduce amendments and speak.

Question: You are in favor of a Senate based on parity, but isn't parity already built in the government?

Defraigne: But that is not really serious, is it? We all know that the parity does apply to the number of portfolios, but certainly not to authority. The Flemish ministers always have more power and weight. A Senate based on parity would benefit the French speakers, but also the Flemish. We have two almost equally large communities -- after all, the French speakers represent a strong minority of 43 percent -- and in order to prevent such a state from bursting it is essential that one group not be able to push the other to the wall. With all due respect to Many Ruys -- indeed one of my workers, but I have a few technical matters to settle about that --, but allow me to laugh when he talks about a Greater-Netherlands in the 21st century, because I am not convinced that this would be beneficial for the Flemish. I have noticed a significant shift in Walloon public opinion: the younger people between 20 and 30 years of age, such as my children, did not experience the tough language struggle, and it is hard to sensitize them to community and linguistic questions. They take the national tricolor to Rotterdam for the Netherlands-Belgium game! Whether the same is also occurring in Flanders, I don't know. My son recently stood next to Flemings at the soccer stadium in Mechelen, and after their team had won the game they said to him in French: that will teach you to waste the money of the Flemings! Today, we are seeing the language parties withering away, but that doesn't mean very much because at the same time the large parties are becoming increasingly community oriented.

Question: You are pleading for protection of the French speaking minority, but shouldn't the parliamentary minority also be protected? The opposition has no status at all. As a matter of fact, what do you think about the current opposition?

Defraigne: Yes, well, the best system is the English, the democratic system par excellence where the opposition also enjoys a great deal of protection and appreciation. The quality of the opposition here is very different. The Flemish Socialist Party [SP] is a very good group which produces sound work, and the People's Union [VU] doesn't do badly either, even though it has fewer high caliber people. But it seems to me that the Walloon Socialist Party [PS] is very uninterested in the national parliament. Perhaps this will improve now that they have been removed from the Executives also.

Coat Rack

Question: Parliament was somewhat revalued by the Heizel committee, except during the debate on the matter. Do you support the proposal to set up a new parliamentary investigation committee on the police services?

Defraigne: If it is demonstrated that it could perform useful work, but I'm not completely convinced of that. I am afraid that it would want to play the role of a kind of second investigating judge, which is not its role. It could do meaningful work, however, concerning principles, police organization, training and equipment. Let me tell you this anecdote: 2 weeks ago I was leaving parliament and I saw a gendarme who was standing there with a submachine gun to protect us, providing information to foreigners! If that isn't symptomatic -- after all, the gendarmerie is not a tourist agency, is it? Terrorists and gangsters want to destabilize public opinion, and with some success, because people have little or no confidence left in the authorities. Karel van Miert's reaction was intended to take advantage of that feeling. The fact that military personnel now have appeared on the street scene doesn't bother me because, after all, human lives are at stake, but it is too bad that they are using conscripts who are not really trained for that rather than career soldiers.

Question: Aren't we headed for a strong, authoritarian state?

Defraigne: I am in fact an advocate of a state which fulfills its functions efficiently and in an authoritarian manner, because in a system like ours it is justified to do that by the voice of the people. People accept that; what they do reject is the state which concerns itself with everything, imposes mountains of paperwork, and issues regulations in all areas. What citizen can say even now that he meets all his obligations and follows all the rules? That is untenable. I am a defender of the small businessmen, because they are independent and know how to get by, but when you see to what extent access to those professions is being overregulated now, then we're back in the Middle Ages. I recently read that book about Saint Anthony's monastery in Paris, "Les dames des faubourgs" [The Ladies of the Suburbs], about furniture manufacturers of the time and the like: at that time there were regulations for anything and everything, a nail had to be hammered in one way, and if it was done another way then the work was assigned to another craftsman. Sometimes I think that we are back into that corporatism of the Middle Ages. At my lawyer's office, a female inspector came to see whether labor conditions were all right, whether there was a coat rack to hang coats on, and such. Please! That leads to grotesque excesses, and ultimately turns against those who are supposed to be protected. When you see that the cadres of the gendarmerie don't even get filled up while in other services masses of civil servants perform senseless work, then you really start thinking. People's lives are complicated needlessly with trivialities. There are more people working on a 50 frank file than when a citizen has to receive a 3 million frank refund from the tax administration; that drags on indefinitely then. It is the technocratic disease.

Question: The fact that sometimes your parliament also performs shoddy and dubious legislative work was proven by this paper's violating the prohibition on publishing opinion polls.

Defraigne: Yes, but you cannot defend attempts to influence the voters with false surveys which are dished up as scientific and neutral, can you? It is true that the prohibition should have been limited to 8 days before the elections, as in France, because 1 month is greatly exaggerated, but I am not a priori opposed to it. Of course there are a variety of freedoms at stake here, which could conflict with one another: should one give preference to freedom of the press or freedom of the voters? Fortunately, the quality standards of such a poll are also determined by the same law. But I admit, the legislative work there has been rather improvized and has taken place hastily because the law had to take effect per se before the elections.

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FLEMISH SOCIALISTS ON REGIONAL ISSUES

Brussels LE SOIR in French 19 Dec 85 p 2

[Article by Guy Duplat: "'Every Man For Himself': The SP Wants To Take 12 Billion Away From the Walloons"]

[Text] Has the SP become a leftist Flemish People's Union, as Alain Van de Biest, the Socialist deputy, proclaimed? In any event, in their struggle against the Martens-Gol government, Flemish Socialists seem ready to use any weapon, including a machine gun against communities. French-speaking Socialists, by the way, are doing the same thing. The SP has taken a new step in attacking the heart of the of conflict: the money intended for communities and regions.

The traditional Flemish argument consists in saying that all new authority attributed to the regions and to the communities should be financed by the inhabitants of these regions and communities. "Flemish money for Flanders; Walloon money for Wallonia." However, solidarity prevails in two large areas: social security, which remains national, and the current grants to regions and to communities, which involve assistance between the regions. It is this latter solidarity which the SP today proposes to destroy by means of a proposal by the deputy, Marc Galle. If it were approved as such Wallonia would receive nearly 12 billion francs less each year, or 20 percent of its resources. On the other hand, Flanders would gain more than 8 billion per year, and Brussels would get 5.5 billion francs more.

The deputy, Marc Galle, and the SP president, Karel Van Miert, have studied the allocation of financial resources to regions and to communities. Today the central government redistributes 219 billion francs, including funds of the communes and provinces. THe SP emphasizes that 90 percent of this redistribution is through grants and only 10 percent by means of tax rebates. In this latter case, it is money collected in a region and returned there. But in the former case, redistribution is carried out according to more complex "keys." For example, for the communities, 55 percent is for the Flemish community and 45 percent for the French community. For the regions and for the funds for communes, a key is used each time which takes into account territory size, population, and tax on income, each weighted one-third. The SP emphasized that the latter key disproportionately "favors" Wallonia, which has the advantage of a very large territory. The SP considers the result profoundly unjust. When the average Belgian pays 100 francs, the Fleming receives only 92, in inhabitant of Brussels only 80, while the Walloon gets 120 francs.

The SP proposes an entirely different system. After 4-year transitional phase there would be nothing except tax rebates. Each region and each community would carry out its own policy with its own money.

The finanicial consequences of this exercise are impressive: the Flemish region would receive 82 billion instead of 74 billion as currently (including community funds), the Brussels region would be the big winner by receiving 17.6 billion instead of 12 billion today, while the Walloon region would bear the burden by dropping from 56.6 to 44.67 billion. The scenario would be identical for the communities. The Flemish community would go from 41 to 45 billion while the French community would go down from 32.3 to 28 billion.

Nevertheless, the SP proposes to maintain a "slight solidarity" within this system. If the average income of a region dropped below 95 percent of the average income of the country, this region would then have the right to compensation from the others. And the regions whose average income exceeded 102 percent of the average income of the country would be the ones required to pay to reach this 95 percent rule. Under present circumstances such a system would mean that the Brussels region would pay 830 million to the Walloon region.

Flemish Socialists justify their reform by explaining that the system they propose exists in all federalist countries and that it would even be exactly identical with the German system. "Nowhere is the territorial criterion granted such weight as in Belgium, except in Italy, and there only marginally."

For the SP the change from grants to tax rebates conforms with the spirit of the law of 9 August 1980 which emphasized the financial repsonsibility of the regions as much as it emphasized solidarity.

How is one to interpret this community "bomb" dropped by the SP? Flemish socialists want a meeting. Anyone listening to them can see that their proposition aims first of all at French speakers and particularly Walloon Socialists. In discusisng this individual problem, separate from other disputes (ports, RTT), the SP wishes to point out that "Flanders helps Wallonia, and not the contrary as Mr Dehousse says repeatedly." The SP also wishes to have a meeting about Flanders and the inhabitants of Brussels. In future negotiations, they say, "Don't forget this financial arguement. If people listened to us the problem of Brussels communes would be resolved like the one concerning Limburg coal mines." It is also a way to annoy the CVP in the coming months.

But the Flemish Socialists know that their proposal has no chance in the immediate future. It would be one step further toward dividing the country. Moreover, they do no ask for urgent action. They propose that it be discussed in Parliament within the framework of a basic disussion of state reform, where it would be more advantageously placed, they say, than in the "deep freeze of the study center for national reform."

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CLERFAYT ON STRATEGY, FUTURE OF FRANCOPHONE DEMOCRATIC FRONT

Brussels LE SOIR in French 14 Jan 86 p 2

[Interview with Georges Clerfayt of the FDF, by Janine Claeys: "The Other Parties Throw Banana Peels at Disturbing FDF"; date and place not given]

[Text] Georges Clerfayt is once again a happy president. In his early fifties, which he carries well, he once again believes in the future of his FDF which he has always considered indispensable.

We met with him on the day following the reconciliation of the two "clans." He told us specifically that he might be a candidate for the presidency next fall if the "desire for coherence" which manifested itself on Thursday is maintained. But he also admitted that he was sure that the other parties "disturbed by the FDF" would still try to throw banana peels at him. He will do everything to avoid them because, he said, his party "is irreplaceable" and, in order to pursue its action, it must avoid tying itself to either the left or the right.

[Question] When all is said and done, why did a reconciliation take place? Would it be because nobody within the party really wanted an explosion?

[Answer] The defense of Brussels and of the French speakers must still be taken on, and for that the FDF is irreplaceable. Hence, good sense prevailed in the end. And don't mix up the FDF with the Walloon Rally [RW], of which Mr Perin recently said that he had left it because it was a circumstantial party which could not survive: there was already a beginning of regionalization in Wallonia when Francois Perin rejoined the Liberal Reform Party [PRL], whereas today there still is no Brussels region. As a matter of fact, during our internal crisis I heard numerous expressions of despair from inhabitants of Brussels who didn't want to see us die... and I have also observed the savage joy of Flemings such as Gaston Geens, who believe they will soon be able to pick Brussels like a ripe apple. Whereas no inhabitant of Brussels, even if he has never voted for the FDF, should be happy about its weakening because it is the conscience and the spur of the other parties.

Long Live the Center!

[Question] Why were you so opposed to a simple "technical group" with the Walloon Socialist Party [PS]?

[Answer] The FDF is neither on the right nor on the left, but it is a humanistic and pluralistic party. Hence it cannot lie within the framework of bipolarization.

[Question] But you yourself negotiated with the Walloon Social Christian Party [PSC]...

[Answer] That was something completely different. It was a question of seeing whether the majority could or could not be broadened, in order to achieve a specific program. The current majority in the French Community, which is very small, did not want to have anything to do with it. But perhaps a month from now, a year from now, as Francoise Sagan would say... If they offer us proposals we will examine them, and if they include part of our program the general council will examine the case. It is completely different in the opposition: we wish to avoid the amalgamation of all the opposition parties. And we preferred concluding a purely technical agreement with a sizable party approximately equal in size to ours, which allows us to be equal partners. But I insist: there is no political agreement between us and the Ecology Party, and everyone maintains full freedom. Sometimes we will support the proposals made by the Ecology Party, sometimes we won't, and sometimes we will support the argument of the third opposition party, the PS. And it should not be excluded that sometimes we might support majority projects.

[Question] But if the three opposition parties had formed a single technical group, you would have obtained a majority within the commissions.

[Answer] To obtain that result from 8 members as against 7 for the social democrats and the liberals it would have been necessary for everyone to agree. But the Ecology Party did not want to have anything to do with that solution and it appeared that part of the FDF did not either. Moreover, the social Christian-liberal majority would have had an easy response: it would be enough for the two parties to form a technical group together for them to regain the majority within the commissions.

[Question] How were you able, at the last minute, to pull that proposal of a technical group with the Ecology Party out of your sleeve?

[Answer] I have always kept in contact with the Ecology Party. There had been an interruption, but they had let us know that they were still takers. They repeated that information to us following the Christmas truce.

Party Too Rich in Multiple Intelligences

[Question] Do you think that the FDF will be able to follow for long? That its members will get along in the future?

[Answer] I am not a fortune teller. But given that the problem of Brussels has still not been settled... Furthermore, we don't want the FDF to be solely a linguistic and institutional party, but we want to have the imagination to propose solutions to social problems which are different from those proposed by the traditional parties for the last 100 years. As a matter of fact, we want a centrist type pragmatism. Note that the traditional parties are not very effective in dealing with the crisis, and that there is little difference between the Martens government and the Fabius government. To me then, there is room for a non-dogmatic party which is neither to the left nor to the right.

[Question] Will Mrs Spaak be able to forgive you for not having voted for her when she became a candidate to the presidency of the French Community Council?

[Answer] I, myself, have even forgiven her for having made a foolish mistake, which she has just corrected, and I want people to stop talking about it. You know, sometimes the FDF has problems because it is too rich in multiple intelligences.

[Question] Will you be a candidate to the presidency of the party next fall?

[Answer] It's a little early to say. But why not, if the coherence which manifested itself last Thursday, is maintained? It will obviously not be easy given that the FDF disturbs the others who, for years, have been intent on dividing us, on throwing banana peels at us and on seducing our stars.

[Question] Were you afraid that part of the FDF might join the RDB of Messrs Serge Moureaux and Defosset?

[Answer] That would have been so utterly contrary to the basic commitment of our members, because when you subscribe to bipolarization you are not helpful to Brussels. And the RDB is a satellite of the PS. However, it is true that numerous contradictory rumors have circulated, rumors which can be tied to the maneuvers of the other parties to try to kill us.

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PSF'S POPEREN ON ELECTIONS, IMMIGRANTS

Paris L'EVENEMENT DU JEUDI in French 19-25 Dec pp 14-15

[Interview with Jean Poperen, number two leader of the French Socialist Party: "Jean Poperen: 'A Referendum? Why not? by Liliane Sichler; date and place not specified]

[Text] There were smiles and whispers at the Socialist Party management committee Saturday. Icy smiles for Laurent Fabius, the "troubled" man in the government, who received only polite greetings despite his friendly and exceptional visit (this is only the second time he has attended a meeting of the management committee since he has been prime minister).

Dreamy smiles for Pierre Mauroy, the ex-prime minister who, with renewed inspiration, sounded the Mitterandist call in the third basement of the National Assembly: "Let us scratch the word 'cohabitation' from the political debate, my brothers, and let us not allow ourselves to become obsessed by the 1986 elections! A single program: Mitterand! A single trump: Mitterand! A single thought: Mitterand!" Lastly, understanding smiles for Lionel Jospin who, despite the majestic shadow of the president, had the admirable courage to repeat: "I am leading the Socialist campaign. Francois Mitterand is leading the French combat." As for whispers, the union leaders gleefully spiked their asides with sour commentary. "Poor Fabius!" said one of them with hypocritical pity. "You could hardly hear him enter the room." "I hear Mitterand is having a great time," sighed another. "Not us, though. We're completely at sea." Michel Rocard only put in a brief appearance and remained conspicuously silent. "What do you expect him to say?" explained a faithful follower. "He is only one elected representative among many." The next day in NEWSWEEK, however, we were all to learn his somber prognosis for 1986 and his plans as future president of the republic, should the occasion arise.

Not withstanding, Jean Poperen, the number two leader of the PS, agreed to speak out to us.

L'EVENEMENT DE JEUDI: How do you explain the president's frequent appearances on radio and television lately?

Jean Poperen: In the current climate, at the beginning of what is nevertheless shaping up to be a difficult battle, we cannot reject the hypotheses of a series of personal initiatives on the part of the president. It would be consistent with events since last summer.

[Question] A referendum?

[Answer] A referendum is not impossible, after all.

[Question] So, is Mitterand leading the campaign?

[Answer] Political reality is what it is. It is normal for many people to consider the president's and the PS's campaign to be one and the same. The Socialist campaign must be based on policies that the president represents incontrovertibly, with the continuity he is able to insure for those policies. He has set the irreducible limits of his actions, now and after 1986. So it is normal for him to commit himself.

[Question] And if 1986 is a failure?

[Answer] Mitterand has said how far he can go.

[Question] Will the Socialists accept many Jaruzelski affairs?

[Answer] The Socialist identity today is based on a number of symbols. Poland and Solidarity constitute one of those symbols. How could the Jaruzelski visit fail to shock? In each case, political advantages must be weighted against costs. Naturally, it would be unjust and superficial not to take the obligations of intergovernmental relationships into account.

[Question] What was your reaction?

[Answer] You would like me to say I was "troubled," wouldn't you? Let's say it was an unexpected event.

[Question] Was Fabius "unjust and superficial" in the Assembly?

[Answer] He was, shall we say, spontaneous. He has often been reproached for the opposite, I think.

[Question] In short, the PS is getting ready to go on the warpath?

[Answer] The Socialists are not going to tear one another apart three months before the elections, especially when for the first time, the number of people favorable to our policies has risen. Things are changing, and they'll keep changing. Our support is up; the polls show it. Changes in opinion are greater prior to elections. We've had very encouraging polls from four or five departments, giving us 28 or 29 percent. Twenty-eight percent or above would be a good showing for the PS.

[Question] What do you think of Michel Rocard's pessimism in this week's NEWSWEEK?

[Answer] Why show such conviction of failure? And why give the impression that defeat today would be the best way to prepare for victory tomorrow?

[Question] Apparently, the CFDT is wondering whether Poperen is any better than Stasi.

[Answer] I'm not surprised. Certain people in the CFDT have never been quite able to tell the difference between the Left and the Right. Stasi clearly distanced himself from the extreme Right, which is good. But, for me, that's not enough. The analyses proposed by the "second Left" have often been mistaken for those of the entire Left. The Third World, for instance, has often been seen in a sentimental and sometimes utopian light. Everything that comes out of the Third World is not progressive. What was progressive were the liberation movements in these countries. As for the rest, we must base our judgements on the evidence--judge the facts. The same is true of immigration.

[Question] You are in favor of assimilating the immigrants and therefore, in fact, against a pluralistic society. That shocks some people.

[Answer] Throughout our history, there has been intermixing of races and cultures. There were the Danubians, the Celts, the Latins, the Germans, the Arabs. So please, let's not make groundless accusations! Semanticists draw a fine line between "assimilation," "insertion," and "integration." For me, it's clear: as long as the immigrants wish to do so, it is better for them to be part of the national community and for all of us to constitute a single people.

[Question] How?

[Answer] We must make naturalization procedures easier. I am a mayor, and I know that it takes years of administrative bother to become a French citizen. Of course, if they want to remain Algerian or Portuguese, we must protect their rights and respect them. But if a man, whatever his race, decides definitively to work and to live in France, then our country should become his country.

[Question] Would you eliminate all differences?

[Answer] Of course not! I don't deny the existence of cultural differences, but I don't want to bet too heavily on them. The national identity evolves like a tree. Fifty years from now, it will be different. A person will have a grandfather from North Africa the way someone today has a grandfather from Auvergne. Unless the glorification of ethnic differences, encouraged by a certain faction on the Right, gains the upper hand. In that case, we would be headed towards terrible racial confrontation.

[Question] Are you in favor of granting immigrants the right to vote?

[Answer] I am not sure that doing so would facilitate understanding. The president's insistence on this point merits reflection. The Socialists should encourage naturalization to be a part of the process whenever possible. Look at the kids at school. Do you think they worry what color skin their friends have?

[Question] If we follow you, France is going to change.

[Answer] Yes. I have never advocated racial purity, you know. The France of the year 2050 will not be at all like the France of 1986.

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DUMAS DISCUSSES LIBYA, IRAN, TERRORIST POLICY, POLITICS

Bordeaux SUD-OUEST in French 17 Jan 86 p 2

[Interview with Roland Dumas, minister of foreign affairs, by Joel Aubert and Philippe Ducos: "Europe Has a Specific Terrorism Problem"; date, place not specified]

[Text] [Question] After Chad and the terrorist acts, Col **al-Quadhdhafi** became much too prominent in the news. From the standpoint of the Americans, he accomplished the feat of garnering the support of his worst enemies in the Arab world. What is France's reaction?

[Answer] Operation Manta in Chad was designed to halt the foreign invasion. It was withdrawn a year ago now at the end of a process marked by the departure of the Libyans. Although they have returned, they have nonetheless not gone beyond the limits we set, the red line of the 16th parallel which ensures that the cities, economic interest centers and nearly the entire population of the country will be protected.

[Question] There are, however, troop movements which are of concern to Ndjamena.

[Answer] This is true, from time to time. But the red line has not been crossed. I will remind you of the French president's position: "Any attempt to launch new military operations will run up against a specific response." We do not accept the presence of Libyan troops still left in the North. It is up to the people of Chad and their government, headed by Hissene Habre (and up to the African people in general, if they feel it would be useful to help them) to find a way to unify the country. France's firm policy has borne fruits and we will maintain this policy, whether it is an election year or not.

[Question] The Americans want the Europeans to follow them in adopting economic sanctions against Libya. What is your response?

[Answer] The United States has adopted specific measures in keeping with the important relations between that country and Libya. France's situation is different. Only 800 of our compatriots, entire families included, reside or work in Libya. Our exports have gone down by a ratio of four to one since 1981. Our oil imports accounts for less than 5 percent of our total consumption. This was done on purpose by France. We are far from the old times, from the times of previous administrations, when we patted ourselves on the back for selling dozens of mirage jets to Libya.

[Question] But you help support them!

[Answer] We do not sell them arms! I have serious doubts whether Americans believe that Europeans could adopt measures similar to theirs. To go to the heart of the matter, Europe has a specific problem of imported terrorism. France has often been a victim of it. We spare no efforts in our fight against terrorism and terrorists. I will ask my European colleagues to look into this phenomenon and its various aspects. At our next council meeting on 27 January, we will be studying means to combat this together.

[Question] Let's not deceive ourselves. Cooperation among Europeans is in its infancy!

[Answer] This is true. But it is also true that our capitals are threatened. France will submit proposals on collecting data, processing information, modalities for action, etc. Everything that is effective in this area is not necessarily governmental.

[Question] France is also concerned over the Middle East conflict. What way out do you see? And what about the hostages?

[Answer] We have been advocating a common-sense approach for 4 years: we feel that the parties who are waging war should hold talks and recognize each other. Israel should be accepted and recognized by all Arabs, the rights of the Palestinians should also be recognized, and the PLO should have its say in the peace negotiations. If direct contacts between the parties are out of the question for the time being, there could be contacts in the context of a forum or international conference. We would support any steps in this direction. As far as the hostages are concerned, you know where we stand. Our initiatives have been intensified in recent weeks. They are always of the same sort, directed to the responsible governments in the region and not to anyone group. We have benefitted from our good relations with Syria and have tried to mitigate the dispute with Iran. Ambassador Martin's trip to Teheran was constructive. A second meeting on the conflict with Iran will be held in a few weeks.

[Question] On the major European issues, relations between Paris and Bonn seem to be somewhat weary, or even wobbly. What is the status?

Answer: An easing off at times, but never a weariness. Europe will advance only by great efforts. At Fontainebleau, France managed to resolve past disputes. I am proud of this. We inherited 17 different matters of dispute form 1981! Then the expansion. It is strange how public opinion changes! A number of those who used to be hostile are no longer so.

Among the opposition, Mr Barre came out clearly in favor of expansion, Giscard d'Estaing approved ratification of the treaty, and the RPR, which for electoral reasons was fiercely opposed, has softened the tone of its speeches. After having said "We will renegotiate"--which was ridiculous--it is saying: "We will review certain modalities." Thus the RPR won't do anything. And that will be fine.

In Europe, good relations between France and Germany are largely responsible for what has been accomplished in the past 2 years. When Paris and Bonn are on the same wavelength, their force it irresistible. I have always noticed that.

[Question] Francois Mitterrand recently left observers perplexed when he rejected any notion of reserved domain. Is he to be believed?

[Answer] The president is right not to get involved in a discussion of this. The idea of reserved domain is a creation of General de Gaulle, who was setting aside a "plot" for himself. Francois Mitterrand is right when he says that this would limit his field of action and hem him in in a way.

The constitution gives the president important prerogatives in all areas: he is the head of the armed forces, he negotiates and signs treaties, he has dissuasive powers, etc. And that is not all. The possibilities offered him under the Constitution are extremely vast. Thus there is no reserved domain which would exclude the president of the Republic from certain sectors of public life. After March, the president can go full throttle on all fronts, availing himself of the rights conferred on him by the constitution, as is the case today.

[Question] If the opposition should win, then it is not doomed to withdraw into the Elysee....

[Answer] You are assuming a victory by the opposition. That is not my assumption. When the opposition talks about cohabitation, it is actually thinking of something different. Frequently one problem hides another.... The opposition in fact has in mind the presidential election. Some want to move it up, others want to avoid it. All this is a debate which does not concern either the majority or the true interests of France. The president is elected for a 7-year term. He will continue in office until the end of his term.

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PSF DEBATES ASSIMILATION, INTEGRATION OF IMMIGRANTS

Various Positions

Paris LIBERATION in French 3 Dec 85 p 11

[Article by Eric Dupin: "The PS and Immigration: Quarrel over Assimilation"]

[Text] Jean Poperen, the PS's number 2 man, is for assimilating the immigrants. Rocard is for integration. Jospin and Chevenement are in between. In short, the PS is debating, and clarification is still a long way off.

Integration or assimilation? The future of the immigrant population in French society is a subject of debate within the Socialist Party. Jean Poperen put his foot in it Sunday evening on "Club de la presse," shown on Europe 1/Canal Plus. Poperen declared that he "had reservations about the prospect of a multiethnic, pluricultural France." He sees no alternative to "segregation" other than the "assimilation" of the immigrants. This statement contrasts sharply with Raymond Barre's recent remarks to the effect that "France is already a multiracial society." However, Poperen's stance is a personal one. He admits that the Socialists have yet to debate the matter thoroughly. At this stage, several different approaches coexist within the Socialist Party.

The closest to Poperen is probably Jean-Pierre Chevenement. The minister of national education does not use the term "assimilation," but his concept of "integration" is similar. He feels that the solution would be to make most of the immigrants who remain in France "citizens of the republic." According to Chevenement, this goal presupposes the establishment of a policy of voluntary integration: "What is neither healthy nor normal," he warned the last national convention of the PS, "is to believe that these communities will be integrated as a result of natural social give and take, and to refuse to adopt goals, a deadline or a budget to bring about this integration as quickly as possible."

Rather than insist on maintaining differences within French society, Chevement emphasizes that France itself should be "enriched by all of these contributions--transformed, modified in its social and cultural components." Georges Sarre, national secretary of the PS (CERES), elaborated on the same viewpoint yesterday. He stated that he was "fiercely opposed to French society's having ghettos based on differences."

Michel Rocard poses the problem slightly differently. At the national convention, he criticized "assimilation--or in other words, the disappearance of differences," because it "is not a realistic goal" and because, by "denying the identity of others, it could only lead to authoritarianism." Rocard favors an "integration dialectic respecting differences." "Although it is the immigrants' responsibility to make an effort to achieve a minimum level of integration, we, on the other hand, must make social integration and the respect of differences go hand in hand." This outlook is close to the views of the moral and religious institutions that recently issued a solemn appeal against racism. The text condemned the call for "total assimilation" and stated that "customs, cultures and beliefs of different origins wish to assert themselves and to coexist within the national concord without losing their specificity."

Lastly, Lionel Jospin takes a middle position. He certainly prefers to talk about the "integration" rather than the "assimilation" of immigrants. Moreover, Jospin once observed that "the Right wants either to assimilate them or to expel them." Yesterday on the France-Inter broadcast "Face the Public," the first secretary did however ponder the appropriateness of "fine-tuning objectives according to the situation." More specifically, he stated that "for foreigners who want to become French citizens, the notion of assimilation is not shocking if we do not seek to assimilate them too quickly." Conversely, this notion would "not make sense" for the others.

As a matter of fact, Jospin emphasizes the Socialists' unanimity in opposing any "suppression" or "segregation" of the immigrants. It must be said that the Socialist are less clear about their philosophy for integrating these immigrants, and that they are hard pressed to specify the means of doing so.

Poperen Remarks

Paris LIBERATION in French 3 Dec 85 p 11

[Interview with Jean Poperen of the French Socialist Party: "Jean Poperen: The Debate Is Just Beginning"; date and place not specified]

[Text] [Question] Do you differenciate between assimilation and integration?

[Answer] I don't see any difference. There may be one, but you'll have to explain it to me.

[Question] Aren't you afraid that the assimilation of the immigrants that you preach might lead to the homogenization of French society?

[Answer] No. Assimilation has never eliminated either regional differences or the specificity of foreign populations living in France. May I remind you that on the "Club de la presse" I clearly stated that I had "reservations about the prospect of a so-called multi ethnic, pluricultural France, if what that means is that diversity would grow stronger within the French community and gain the upper hand." The last words in that sentence are the most important.

[Question] Do you disagree with "the common appeal for brotherhood" signed by the churches and the humanitarian or Masonic organizations?

[Answer] I understand all these assertions well, but I would like to know whether the Grand Orient of France has abandoned its concept of national identity. If so, some turn escapes me. I'm more inclined to believe that they got caught up in the words.

[Question] What do you think of the underlying assertion accepted by a certain part of the Right that the North Africans cannot be assimilated because they are Muslim?

[Answer] My reason in particular for taking this stance was to oppose that assertion. I am convinced that what I am recommending will take place, perhaps not with the "second generation" of immigrants--there the difficulties cannot be denied--but with the following generations.

[Question] The debate over immigration might have begun sooner. Aren't the Socialists partially responsible for sweeping it under the rug?

[Answer] I willingly concede your point. The debate is now open, and its only beginning.

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DATA ON DOM-TOM IMMIGRANTS RELEASED

Paris LIBERATION in French 23 Dec 85 p 10

[Article by Veronique Brocard: "'Domians' in Mainland France: Fully Different Immigrants"]

[Text] According to the first census of overseas populations living in France, the number of "Domians" working in France is on the rise. These people are more likely to work for the government than other French citizens, and their unemployment rate is near that of other immigrants.

Some are from "here," and some are from "over there": from mainland France or from the DOM-TOM [Overseas Departments and Territories]. They come and go between France and the islands. Referred to as "Domians", these natives of the West Indies or Reunion Island leave the land of their birth to work or to join their families in the "fatherland," mainland France. This flow of passagers encumbering Air France is in fact only superficial. With time, the communities have stabilized, each with its own economic necessities, its own social structures, and its own autonomy, making them different departments: three in the islands and one in France.

These are the facts just revealed by the first "census of overseas populations" living in France, conducted in 1982 by the INSEE [National Institute of Statistics and Economic Studies], with an introduction by Georges Lemoine, secretary of state for the DOM-TOM. The INSEE begins with the following statistical observation: "The total number of people born in the DOM-TOM and living in mainland France increased by a factor of 12 between 1954 and 1982, climbing from 24,200 to 282,300." This immigrant population has two distinctive characteristics: for the most part, it is young (70 percent under 35, and 57 percent between 15 and 34) and female (51.2 percent of the DOM-TOM natives living in France).

More important in the eyes of the INSEE is the "transformation of a labor immigration into a settlement immigration." The process is classic. They came to work (60 percent are part of the active labor force, as compared to 43.4 percent of the mainland French and 42.4 percent of the foreign population), and they ended up putting down permanent roots. They formed families (the INSEE report states that "in 1982, the number living in a family setting was twice that in 1972.") Together with their children, they constitute a new population "greater than the population of those born in the DOM-TOM"--a total of 402,000 in March 1982.

Another factor is employment. According to the INSEE, 80 percent of the "Domians" work in the service sector (or 20 percent more than the national average); and 54 percent work for national government, local government or the public services (less than a third of the French labor force as a whole falls into this category). They hold low-skill jobs, principally as service employees in hospitals, administrative offices, schools, and the postal and telecommunications administration.

This observation is not new, but it does shed light on the reasons why residents from the DOM-TOM choose to remain in France. At the same age and with the same training, they hold the same jobs in France as they do at home, which excludes any possibility of substitution, according to Claude Valentin Marie, official labor ministry representative and co-editor of the INSEE report. It is in fact impossible to increase the number of openings for postmen or nurses' aides in the West Indies or Reunion Island, already controlled by the government, simply to allow the "Domians" to go home.

Thus, the DOM-TOM immigration is quite distinct. Although French citizens, DOM-TOM natives sometimes experience the same problems as (foreign) immigrant workers. Despite their strong presence in the civil service, "the number of unemployed born in the DOM-TOM has increased by a factor of 3.1 since 1975, at much the same rate as that of the foreign unemployed (2.98)." Like the immigrant workers, 27 percent of the young of West-Indian or Reunion-Island origin are unemployed, far more than the average for the French as a whole of the same age (19 percent).

Although the "tendency toward a decrease in the overall level of qualification of DOM-TOM workers continues," there is a parallel "drop in the general educational level of recent immigrants." While the proportion of the French population as a whole with no degrees has diminished (43 percent in 1975, 37.8 percent in 1982), this proportion has increased among the "Domians" (43.5 percent in 1975, 45.2 percent in 1982).

"This is the result of the program carried out by the BUMIDOM [Office for the Development of Overseas Migrations] between 1975 and 1981," states Georges Lemoine, reaffirming his "total disagreement with Michel Debre, the advocate of this policy. He should face up to the figures," adds the secretary of state for the DOM-TOM, who feels that the INSEE report shows, if need be, that "to improve the economy of the overseas departments, we must give the young people prospects for the future instead of airplane tickets."

Although the "Domians" are dispersed throughout France, 60 percent live in Paris (41 percent in government-subsidized housing). A diverse community united by a single culture, these Parisians from the West Indies and Reunion Island have reason to wonder about their future in a society that calls them "fully French" but treats them more or less as immigrants. Therein lies one of the merits of the INSEE's statistical study; it demonstrates this ambiguity unequivocally.

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POLITICAL NETHERLANDS

LONG TERM STABILITY IN SUPPORT OF PARTIES

Rotterdam NRC HANDELSBLAD in Dutch 13 Dec 85 p 3

[Article by Pieter Maessen: "Long Term Stability in Voter Support Characteristic of Political Parties"]

[Text] The Hague, 13 December -- Excitement about changes in voter preference is very often -- but not always -- exaggerated. Whether there is any reason for jubilation or whining can be determined with any certainty only many months after the polls. The graph, which was commissioned by NRC HANDELSBLAD and represents nearly 10 years of public opinion polls clearly shows this.

In analyzing this overview, Dr C. van der Eijck and Dr C. Niemoller from the University of Amsterdam stressed the continuity which exists, sometimes for years, in the support of political parties and the few moments when anything really changes in the voter landscape. The very high level of stability for the four parties between the beginning of 1980 and the middle of 1981 is very striking.

Following the elections of May 1977, the Labor Party [PvdA] and the Christian Democratic Appeal [CDA] remained at the same level for more than 2 years. The lengthy government formation and the introduction of the economizing program Specifications '81 had no impact on that. At the same time the Democrats '66 and the People's Party for Freedom and Democracy [VVD] were slowly growing toward one another.

By the end of 1979, two "blocs" of equally large parties had been created. For one-and-a-half years the CDA and the PvdA proceeded at an equal pace and the D'66 was as large, at times even larger than the VVD. To name but a few things, this was the period of the near collapse of the government over the question of South Africa, the cruise missile decision, the deductions on civil servant salaries, and the resignation of Minister Andriessen (Finance).

Turmoil

Significant changes began with the elections of 1981. Later on the field remained in turmoil during the periods of the second and third Van Agt administrations. When the Lubbers administration was well in the saddle, many voters made a new choice and a period of stability set in. The PvdA had clearly become the largest party and continued to grow for another 2 years. The CDA, VVD and D'66 remained stable at their new level, but it was quite a different level from one-and-a-half years before.

A mathematical analysis of the graphs per party showed Van der Eijck and Niemoller that in the short term the PvdA is much more sensitive to political events than the three other parties. In the long term, the fluctuations for the D'66 are also very great, especially when one looks at the low level of both the beginning and the end of the line.

Until the 1977 elections, the CDA was larger than the PvdA. During the two first years of the Van Agt 1 administration, the PvdA remained larger. Then the PvdA declined and the two parties were of equal size until after the formation of the Van Agt 2 administration. Then, as a government party in the Van Agt 2 administration, the PvdA experienced a sharp decline until February 1982. That is also the period when people within the PvdA were talking about the "new socialism."

'Fighting Administration'

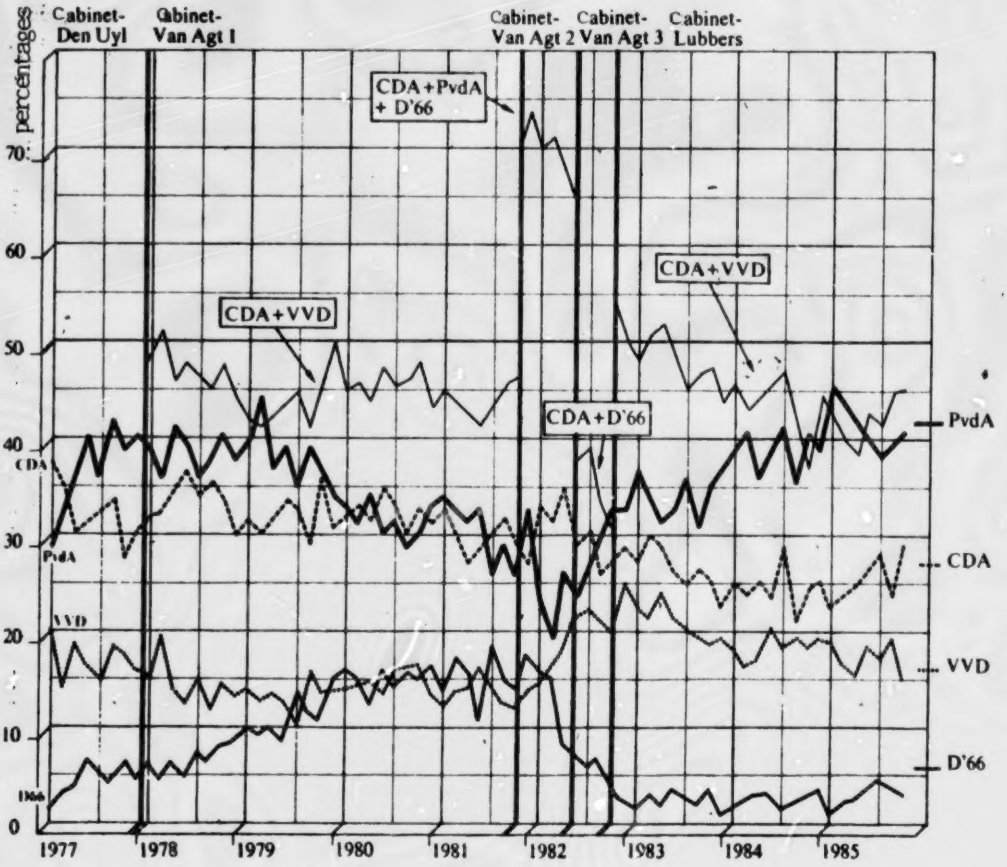
Shortly after the low point of February 1982 followed the break in the administration. As it turned out, the decline of the D'66 started only a few months after that of the PvdA, but then the setback of the D'66 is also very dramatic. When the break in the Van Agt 2 administration took place, the PvdA was already scrambling back. Soon the socialists were once again bigger than the CDA. The PvdA moved to an unprecedented high level, at which hesitations occurred again only in 1985. It is striking to what extent the advent of the Van Agt 2 "fighting administration" was a watershed for all four parties.

During the whole 10 year period the CDA was very stable, except for the periods during and after the 1981 elections. Fluctuations were also greater during the Lubbers administration than during the Van Agt era. The political events which took place during the period when Van Agt was prime minister did not seem to affect this party. If one were to draw a straight line however, it would show that the CDA is apparently suffering from an irresistible caving in, from a level around 37 percent to around 27 percent.

Between 1976 and 1979 the VVD experienced a gradual decline, then remained stable again during the Wiegel period in the Van Agt 1 administration, and shortly afterwards it clearly reached a higher level. The RSV hearings in the summer of 1984, which involved Minister Van Aardenne so much, left the VVD untouched. The level then was somewhat lower, however, than when the VVD was in the opposition.

For 3 years the D'66 succeeded in reaching the level of the VVD, but during the May 1981 elections it had to recognize the superiority of the VVD anyhow, and a year later it lost nearly all its support.

Graph: Ten Years of Voter Preference



Voters' party preference according to the weekly NIPO polls, expressed in 4 week periods.

The uppermost thin line is the total support of the government parties. The dotted lines at the end indicate the level the parties should be at if incidental events did not have an effect.

The data for the second half of 1985 were taken from AVRO-NIPO surveys.

The graph was put together by NRC HANDELSBLAD.

The uppermost thin line in the graph indicates the total support for the government parties. The two CDA-VVD coalitions nearly never reached the 50 percent limit. In 1984 and during the first half of 1985 the PvdA by itself was just as big as the two government parties together.

Environmental Factors

Van der Eijck and Niemoller developed a mathematical model with which they could eliminate the influence of small events on the graph. Therefore it is possible to make statements about how the trend of the parties would develop if those kinds of events did not take place. The four dotted lines at the end of the graph indicate what the trends of the parties should be in November and December "under unchanged conditions and with the elimination of environmental factors."

These "expected developments" can be compared with the actual polls up to and including 2 December. In early November, (immediately following the cruise missile decision and during debates on that issue), the CDA had reached a remarkable high point, which was not maintained however. In the latest polls, both the VVD and the D'66 scored remarkably lower than the trend which applied to them. "If this continues, it will no longer be a coincidental deviation," said researcher Van der Eijck.

(The figures until 2 December were made available by AVRO. Because of a difference in the calculation technique they cannot be compared with the figures made available in late November by AVRO television.)

Until the elections, Van der Eijck and Niemoller will regularly make a comparison for this newspaper between what is actually happening in the opinion polls and what could have been expected based on the 10 year trend. They are thus trying to make statements with more certainty than would otherwise be possible about the significance of changes in opinion polls.

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YOUTH POLLED ON PARTY PREFERENCE, POLITICAL VIEWS

Support for Parties

Rotterdam NRC HANDELSBLAD in Dutch 30 Dec 85 p 3

[Article by NRC HANDELSBLAD editor: "Youth Prefer Political Left"]

[Text] Rotterdam, 30 Dec--According to a survey conducted by the Inter/View research agency, the majority of youth between 15 and 25 years of age vote for the Left. The leftist parties would gain 80 seats in the Second Chamber if the 1,002 young people surveyed had it their way.

This was officially announced today by the National Study Group for the Year of Youth, which commissioned this survey. The year of youth set up by the United Nations was ceremoniously concluded today in Amsterdam by the study group. "The figures show that young people are not moving to the Right, as was once assumed," says J. Maaten, a staff member of the Study Group for the Year of Youth. Only 16 percent of young people are "weary," meaning dissatisfied with their own situation and unwilling to do something about it.

The interest of young people in the leftist parties is primarily at the expense of the CDA. According to a general survey of voters conducted nearly simultaneously by Inter/View, the Christian Democrats would go from 45 to 44 seats, but young people give the CDA no more than 30 seats in the Second Chamber. The PVDA in particular wins votes among the politically secularized youth. The socialists would rise from 47 to 67 seats. The VVD would not show a drop in popularity among young people as it now stands, but would go from 36 to 38 seats. The small leftist parties would go from 9 to 10 seats, and the small rightist parties would fall from seven to two seats.

Of the young people ineligible to vote, 59 percent would vote if it were possible. Of the youth eligible to vote, 77 percent intend to do so.

Eleven percent of the those surveyed are members of an interest organization, four percent of an environmental group and three percent of a labor union. Young people are especially concerned politically about racial discrimination (86 percent), pollution (82 percent), youth unemployment (82 percent), women's liberation (39 percent) and the squatter movement (25 percent).

Over one-quarter of young people have done volunteer work. Two-thirds of the youth are pursuing some kind of education. Of the unemployed youth, 29 percent are registered at an employment agency.

Table 1. Little Support for the CDA

Party	Current Second Chamber seat distribution	General Inter/View survey November 1985	Inter/View survey among youth
CDA	45	44	30
VVD	36	27	38
PVDA	47	60	67
D' 66	6	5	3
Small left	9	7	10
Small right	7	7	2

Political Interest

Rotterdam NRC HANDELSBLAD in Dutch 2 Jan 86 p 3

[Article by Maarten Huygen: "'Move to the Right by Youth Has Halted'"]

[Text] Rijswijk, 2 Jan--Young people are less interested in politics than is the population as a whole, but the shift to the Right among youth has definitely come to a halt. These are the conclusions of Dr J. W. Becker and Drs C. van Praag, staff members of the Socio-Cultural Planning Bureau in Rijswijk, based on recent studies, including the survey commissioned by the National Study Group for the Year of Youth and published this week by Inter/View. According to this survey, young people from 15 through 24 years of age would give the leftist parties in the Second Chamber a majority of 80 seats.

The two scientists introduce a certain amount of order in the continually emerging studies on youth, which sometimes contradict one another. In their opinion, a survey among young people is meaningful only if it is compared to opinion polls among other population groups or with opinion polls in the past. In an SCP report that came out last year, "Youth in the 1980s," many studies were presented side by side. Van Praag: "Developments among youth are always a caricature of trends in the population as a whole."

Extreme Rightist

In 1983, Nijmegen sociologists L. Hagendoorn and J. Janssen announced unusually strong interest in extreme rightist groups among secondary school students. The recent survey by Inter/View among youth indicates that this trend towards the small rightist parties has turned around. "It was sympathy of a temporary nature," according to Becker. The VVD is now recording clear gains, but according to the Inter/View figures the small rightist parties get only two seats from young people, as compared to seven seats from the Dutch population as a whole. The shift to the left is confirmed by previous studies by Inter/View.

Becker and Van Praag consider the flight of young people from the CDA to be of a lasting nature. "We have been seeing that for some time. It has to do with the continuing separation of youth from the church," says Van Praag. According to the SCP report, 34.2 percent of young people in 1967 had no religion, while that figure was 66.2 percent in 1983. In the 25 to 34 age group, 58.1 percent said that they had no religion in 1983, while this figure was 44.6 in the 35 and older group.

Becker does not see the large turnout of young people at demonstrations by the Evangelical Broadcasting Organization [EO] as something new. The EO is the modern medium of a group that has long been in existence. Becker: "It indicates continuity. The Reformed Church has always had a stronger grip on its youth than have other religious groups. They are able to resist the effects of urbanization and have a strong hold among youth."

Interest

In a recent SCP study, young people scored significantly lower in political interest than did adults. Of the youth, 22 percent had no political interest while 11.1 percent of the adults demonstrated no interest.

There is no pronounced lassitude among young people, but at the same time there is no great activism. "It is not the case that young people are flocking together en masse in order to change society," Becker says. The Inter/View report indicates that only 11 percent of young people are involved in an interest organization. According to a recent study by the SCP, approximately half as many young people as adults are active in participatory activities. The interest of young people in groups oriented towards world issues is as great as that of their parent.

Campaigns

The Inter/View study reveals that over one-fifth of young people have participated in a demonstration and will continue to do so if the opportunity presents itself. Twenty percent are not at all oriented towards popular campaigns. Thirty percent of the youth feel that the government and parliament are "doing enough." Young people have mostly demonstrated for peace and security. The same is true for adults.

Becker does not consider the strong interest of young people in issues such as the environment or racial discrimination, as indicated by Inter/View, to be truly convincing. He wonders what it means for young people to fill out a list of political issues such as this. Preferences could have to do with things that, for example, were just on television. "Trends in opinions are very precarious. If you were to put 'going to a disco' or other things on the list, priorities would be quite different," Becker says. "Although the struggle against discrimination and pollution is of great concern to young people, not as many appear to have demonstrated for these issues," the Inter/View report states. Consequently, the Study Group for the Year of Youth feels that young people are expressing themselves in a different way than was previously the case.

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CITIZENS' VIEWS ON CHURCH INFLUENCE SURVEYED

Lisbon EXPRESSO in Portuguese 18 Jan 86 pp 14R-16R

[Text] The Catholic Church engages in activity which the citizens of Portugal over 18 years of age regard as positive. They view it as the institution with the greatest influence on Portuguese society (although it does not determine the citizens' electoral choices), and not only would a majority (57.2 percent) like the church to have its own television channel, but also, 67.1 percent would view an increase in the number of church schools favorably. These are the results revealed by an EXPRESSO-Euroexpansao poll, which indicates that the main characteristic attributed to the Catholic Church is conservatism (38.8 percent).

According to the poll, the overwhelming majority of the people regard political pluralism among Catholics as natural, although 72 percent of those questioned said that Freitas do Amaral is the candidate who rallies the most ecclesiastical support. Recognizing some degree of conflict between the church and the party leaders, less than a half of the citizens describe the attitude of the party leaders toward the church as proper. Although a substantial majority of those questioned do not want the church to intervene in politics, a little more than 60 percent nonetheless say that it should not limit itself exclusively to the administration of the sacraments.

A Conservative Church

The actions of the church (Graph I) is most acceptable to the citizens in the North, in the interior and in the rural regions, to those in the lowest economic bracket, to those over 40, to women, and, naturally, to practicing Catholics. Where the voters for the various parties are concerned, 65.5 percent of those who voted for the PSD [Social Democratic Party] on 6 October regard the actions of the church as "good or very good," an opinion shared by 60.9 percent of the CDS [Social Democratic Center Party] voters, 39.8 percent of the socialists and 25.1 percent of those who voted for the PRD [Democratic Renewal Party]. The image of the church is the worst in the eyes of the APU [United People's Alliance] voters: although [illegible] regard the actions of the church as "good" or "very good," 26.1 percent see it as "bad" or "very bad." No other group of voters went as far in its negative assessment in the role of the church, the highest being the 4.5 percent in the case of the PS [Socialist Party].

But although the image of the church with the non-Catholic citizens is "bad" (48 percent said "bad," 21.7 percent "very bad" and 27.8 percent "neither good nor bad"), as well as those who abstained during the last legislative elections (24.4 percent said "bad," [illegible] "very bad," 13 percent "good" and 14.9 percent "very good").

In describing the church, 38.8 percent of those interviewed chose the term "conservative," 21.5 percent preferred the term "welcoming," 12.3 percent chose "open to dialogue," while 10.7 percent believe that its main characteristic is that it is "charitable." Of the 25 groups in which those questioned during the EXPRESSO-Euroexpansao poll can be divided, "conservative" was not the leading characteristic attributed to the Portuguese church in the case of only four. These were the citizens of Greater Lisbon, practicing Catholics, the PSD voters and those who cast blank or no votes on 6 October (all of them gave "welcoming" as the primary characteristic).

Most Influential Institution

The level of influence the various groups ascribe to the church is very consistent (Graph II). Apart from the fact that no one abstained from answering this question, the largest number of those questioned regarding the influence of the church as "great" was in the North (71.3 percent), while the fewest individuals regarding it as "small" were found among the PRD voters (0.8 percent). Conversely, nonpracticing Catholics (9.2 percent) and those living in urban areas (8.2 percent), APU voters (11.7 percent) and CDS voters (11.6 percent) are the groups of citizens most often terming this influence "small."

While 22.2 percent of the citizens of Portugal over 18 years of age could not compare the influence of the church on Portuguese society with that of the Freemasons (Graph III), an analysis of the answers by age, economics, geographic and party groups shows no great deviations from the national average. It should be noted however that 26.8 percent of the APU voters termed these influences equal, 85.1 percent of the CDS voters said the church has greater influence, and 8.1 percent of the PRD voters thought the Freemasons have greater influence. Apart from these variations from the average opinion, it was also revealed that 6.3 percent of the voters in Greater Lisbon regard the Freemasons as having greater influence, a view shared by 6.1 percent of the nonpracticing Catholics (1.2 percent of the practicing Catholics), of whom only 64.5 percent thought the church has the greater influence (71.3 percent among practicing Catholics).

It appears easier to compare the influence of the church with that of the military establishment. Only 4.5 percent of those questioned did not know or did not answer this question. Great consistency was also noted in this connection, with a single exception--the non-Catholics. Of this group, 39.5 percent think that the influence of the church is greater than that of the military establishment, 15.4 percent regard it as equal, and 45.7 percent said it is less.

Although the average for all the answers points to greater influence by the church than the political parties, 11 of the 25 groups into which it is possible to divide those surveyed said the contrary. Thus the influence of the political parties is regarded as greater than that of the Catholic Church by the citizens in Greater Oporto, in the South, in the urban sectors, in the upper population strata, in the group under 40, among men, among the nonpracticing Catholics, those who have no religion or profess beliefs other than Catholic, and among the PS, PRD and the APU voters.

Among the APU voters, 48.7 percent regard the influence of the parties as greater, 25.2 percent think the two influences are equal and 26.1 say that the influence of the parties is less important. The PRD voters were divided into 44.9 percent, 23.1 percent and 32.1 percent, respectively, and the PS voters 39.9 percent, 21.5 percent and 37.8 percent, respectively.

On any one of these three comparisons (summarized in Graph III), the people in the North, the interior and rural areas in all cases assigned greater influence to the church than the average Portuguese citizen, with the single exception of the interior of the country, where only 41.1 percent said the church has more influence than the political parties. In the South, on the coast and in the urban sectors, in turn, the church was assigned a systematically lower level of influence than the average, and the only exception again pertained to the comparison between the church and the political parties, in that 42.5 percent of those questioned on the coast assigned greater influence to the church.

Electoral Influence

Curiously, practicing Catholics and the APU voters seemed to be the groups surveyed which attributed greatest importance to the position of the church in connection with the results of the last legislative elections (Graph IV). While only one out of every individual said that this position had "great" or "some" influence on the 6 October elections, a third of the practicing Catholics share this view, and the same is true of those who voted for the APU. In all the other groups, the number of those questioned who said there was "no" church influence on the electoral results was in all cases more than half.

The existence of pluralism in the political opinions of Catholics (Graph V) is less acceptable to practicing Catholics than nonpracticing Catholics or non-Catholics. In fact, 13.8 percent of the practicing Catholics termed this situation "bad" and only 32.5 percent saw it as "good." The only less favorable view of this phenomenon was among the CDS voters, wherein although 53 percent regard the phenomenon as natural, about a quarter of the total number express some nostalgia for the monolithic Catholic vote.

The classification of the attitude of party leaders toward the church by the people is surprising. It is not possible to derive any clear trend on the part of those questioned about how political leaders deal with the church from the analysis of the EXPRESSO-Euroexpansao poll (Graph VI). The majority of the citizens of Portugal believe that politicians treat the church "too well" or "too badly," although they do not agree on assessing the attitude of the party leaders as "proper." Even more significant is the fact that the practicing Catholics constitute one of the few groups in which a majority believe this attitude is "proper" (52.9 percent), along with the PS (59.1 percent), PSD (54.3 percent), and APU (53.4 percent) voters, those living in rural areas (50 percent) and those over 40 years of age (52 percent).

Although they allowed themselves to be influenced by their voting choices for the election on the 26th, those surveyed by EXPRESSO-Euroexpansao generally recognized that Freitas do Amaral is the candidate enjoying the greatest church support (Graph VII). This opinion was mainly found among those over 40, the non-Catholics, male voters and the supporters of the parties which have declared their support of Freitas do Amaral.

However, the greatest support for Maria de Lurdes Pintasilgo came from the younger voters (17.1 percent), women (15.6 percent), practicing Catholics (16.6 percent), those in the North (15.7 percent) and those who abstained on 6 October (17.8 percent). These are the population sectors in which the former prime minister is regarded as rallying church support in a percentage significantly above the average (12.2 percent). Mario Soares, for his part, was seen as the candidate preferred by the church by women (8.6 percent), as well as the PS voters (9.4 percent). Also, the female voters are among those who see the least church support for Freitas do Amaral--"only" 60.4 percent, as compared to an overall average of 72.12 percent. The largest concentration of individuals who regard Salgado Zenha as the candidate enjoying the greatest church support was found in Greater Oporto (6.6 percent).

Church TV Channel

Only among the citizens between 18 and 40 years of age, the non-Catholics and the supporters of the APU is there a large number of individuals who believe that the church should not have its own television channel (Graph VIII). In all of the other groups into which the people surveyed in the EXPRESSO-Euroexpansao poll can be divided, an absolute majority expressed approval of granting the church a channel.

In this connection, the practicing Catholics are the main defenders of this undertaking (66.9 percent), since this group was only surpassed by the individuals over 40 (74 percent "yes") and the PSD (68.9 percent) and CDS (78.3 percent) voters. Despite the differences of opinion found among those questioned, depending on their relationship with the Catholic Church, the truth is that the allocation of a television channel to the church has become a political issue, and the greatest variations in opinion can be seen as dependent on the party for whom those questioned voted last 6 October. In this connection, apart from the strong support from the PSD and the CDS voters, and the opposition from the APU voters, already mentioned, those whose preference was the PDR proved to be divided into 48.8 percent "for" and 43.2 percent "against," while the socialists were more clearly in favor of the allocation of the television channel (52.6 percent) than against it (42.7 percent).

More Catholic Schools

There was much greater consensus on the issue of Catholic schools (Graph IX), on which only the non-Catholics (39.5 percent in favor and 59 percent against) and the residents of Greater Oporto (42.6 percent in favor and 45.9 percent against) failed to indicate approval of an increase in the number of its own teaching institutions by the church. Generally speaking, only one out of every four Portuguese citizens challenges this expansion of the church presence, and even among the APU voters, 55.8 percent of those questioned favor it as compared to 43.7 percent, who would prefer that the number of Catholic schools not increase.

Out of every five Portuguese citizens, four agree in stating that the church should not intervene in politics. This proportion is practically constant through all the groups, with the exception of citizens in the upper economic stratum (25.6 percent say that the church should intervene in politics), the centrist voters (31.4 percent), to a lesser extent the practicing Catholics (21.2 percent) and, on the opposite side, the PS voters (of whom only 10.4 percent believe that such intervention should occur).

Despite this view, two out of every three Portugese citizens believe, on the other hand, that the church should not limit its actions to the administration of the sacraments. This view of the church role is stronger on the coast than in the interior, and it is again among the APU voters that the largest numbers of those who would like to see the church limit itself solely to the administration of the sacraments is found (that is the view of 47.8 percent, as compared to 49.1 percent who believe the church should not limit itself to this field). Finally, those who cast blank or null votes on 6 October constitute the only group which would like to see the church limited to the sacristy--52.7 percent share this view, and only 47.3 percent oppose it.

Methodological Explanation

The survey covered citizens over 18 years of age living on the territory of the continent in communities of more than five homes.

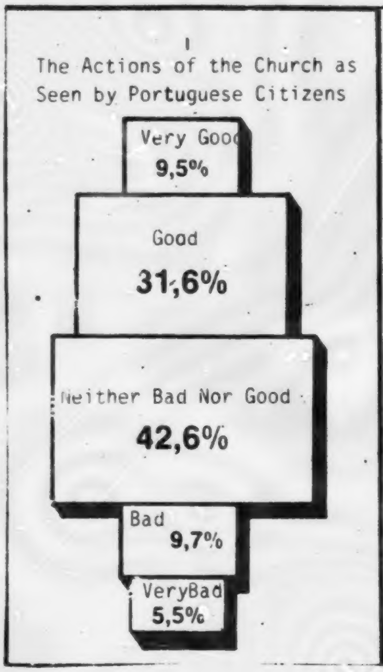
The sampling included 606 persons who were interviewed. The selection was made on the basis of the quota technique, taking into simultaneous account region, housing, sex, age and educational level.

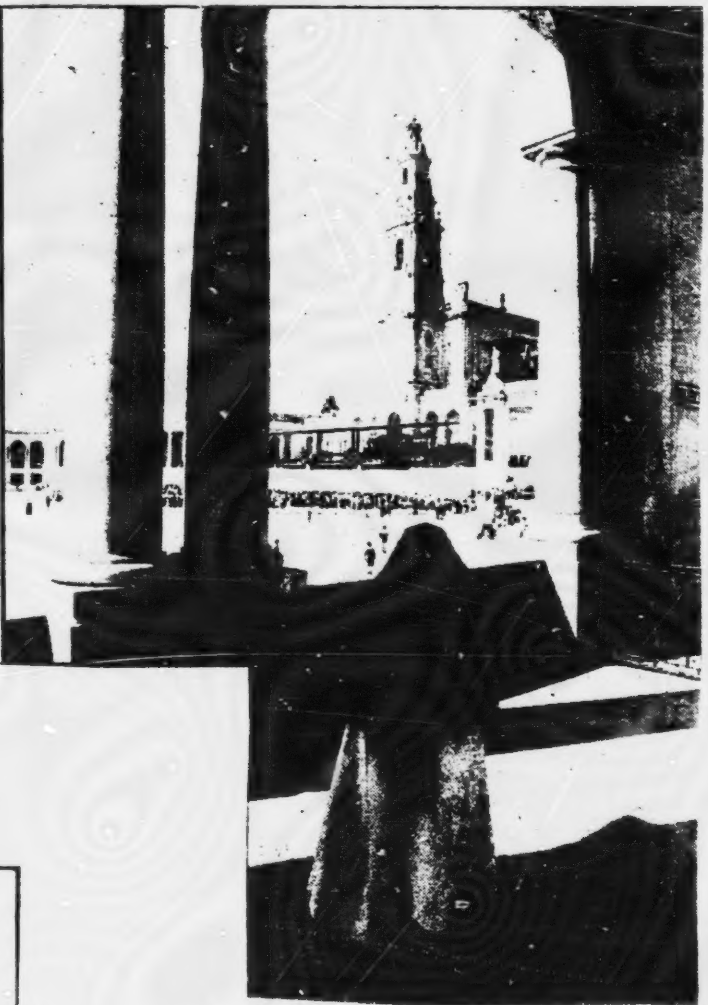
The data was collected through direct interviews conducted between 3 and 12 December 1985 by 21 supervised interviewers.

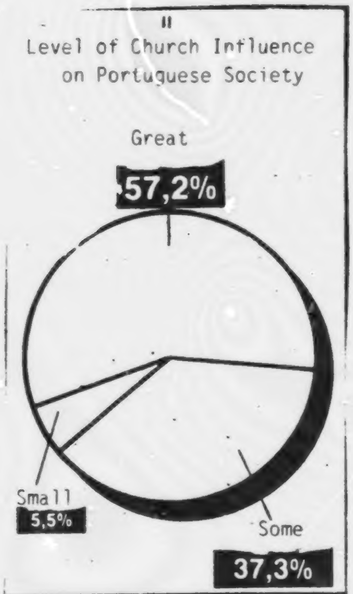
The semi-interval for maximal reliability, given a random sampling of 606 persons interviewed, is 4.0 percent (95 percent probability).

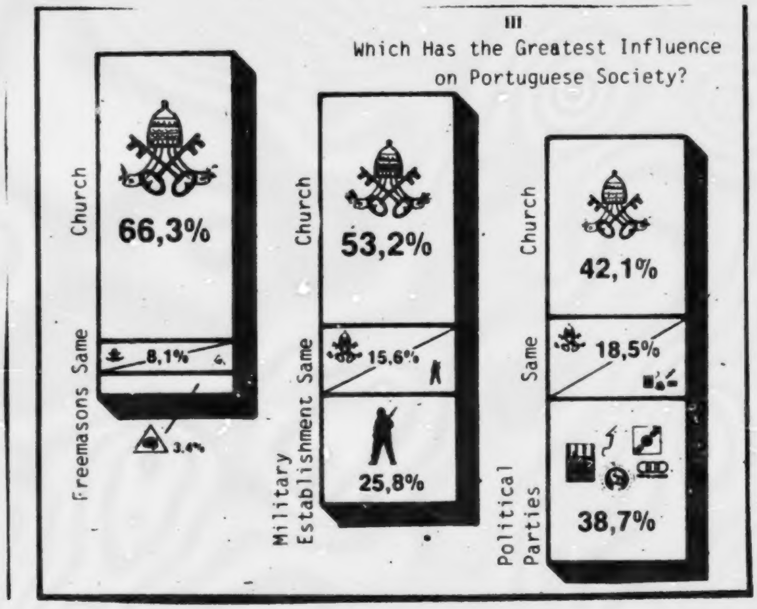
Euroexpansao was responsible for the poll, and EXPRESSO was responsible for analyzing the results.

EXPRESSO/EUROEXPANSÃO


I
The Actions of the Church as Seen by Portuguese Citizens

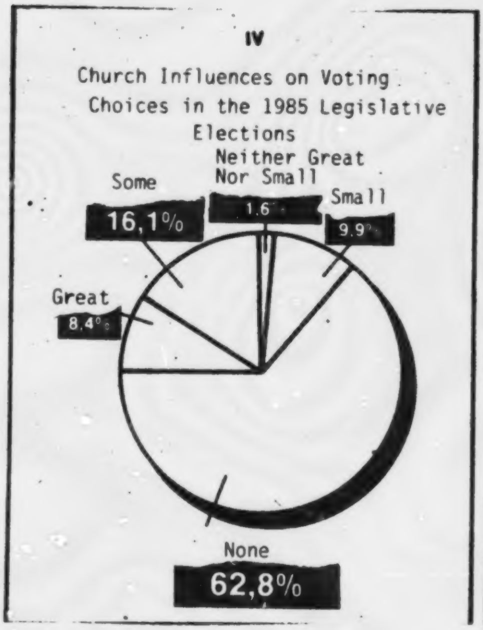



II
Level of Church Influence on Portuguese Society



III

Which Has the Greatest Influence on Portuguese Society?



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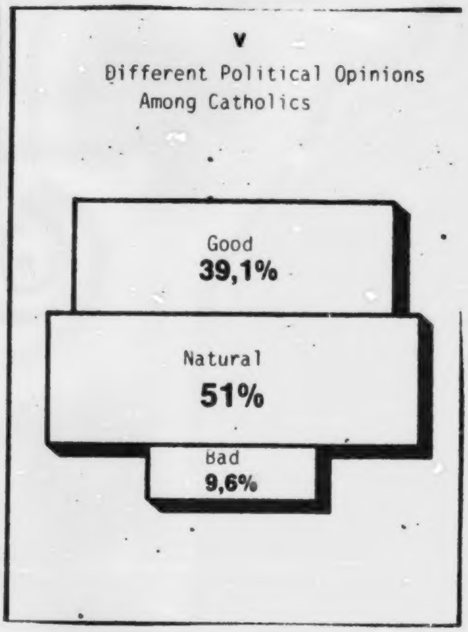
Church Influences on Voting Choices in the 1985 Legislative Elections

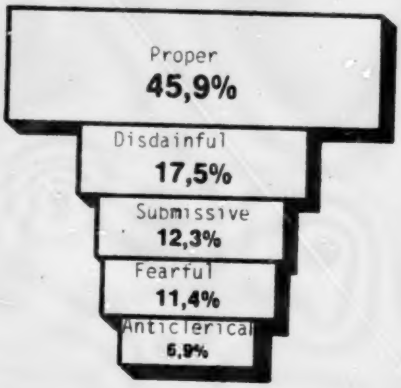


V

Different Political Opinions Among Catholics

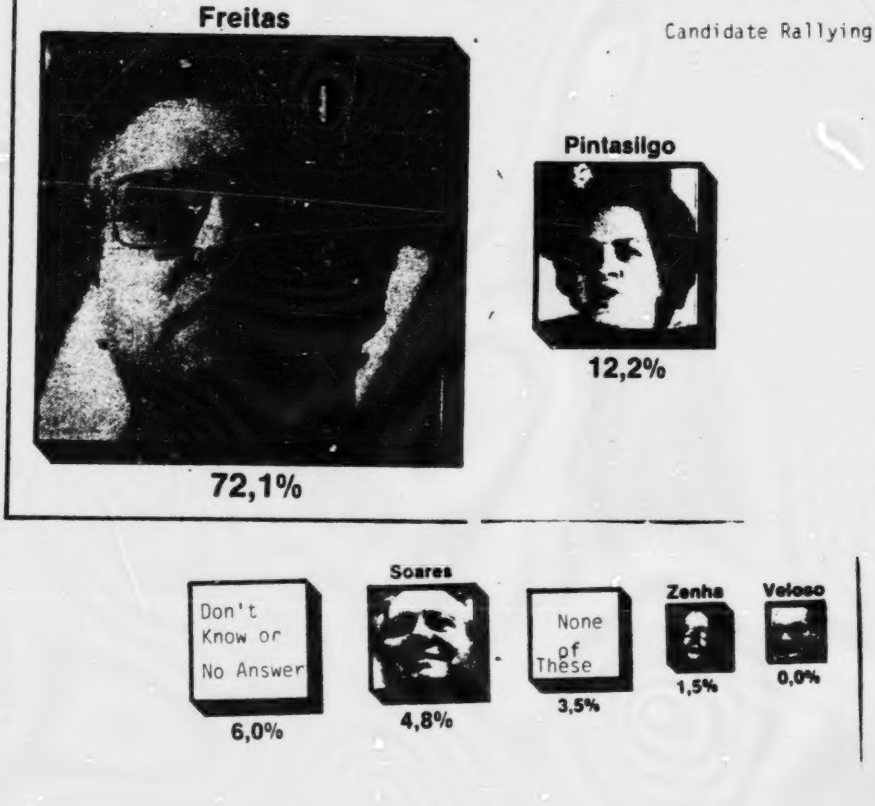
VI

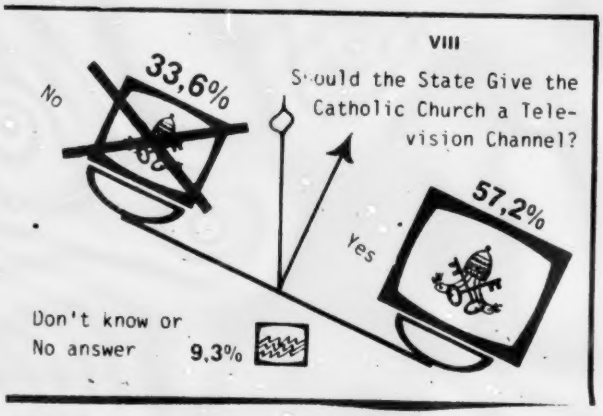
Attitude of the Party Leaders Toward the Church



VII

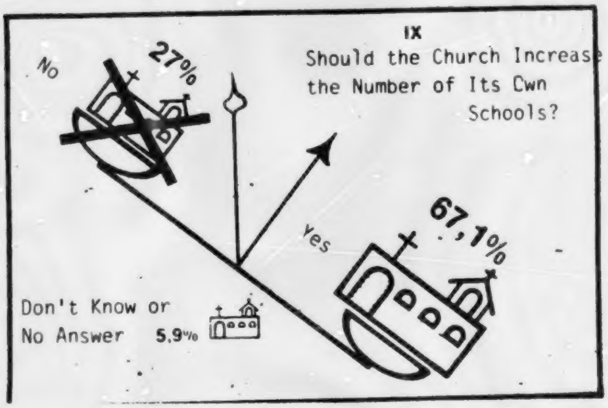
Candidate Rallying Greatest Church Support





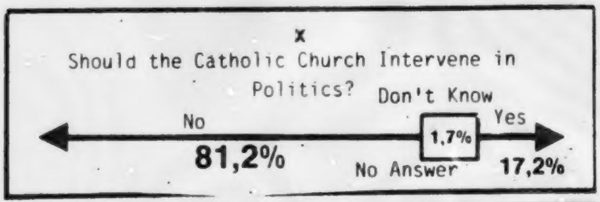
VIII

Should the State Give the Catholic Church a Television Channel?



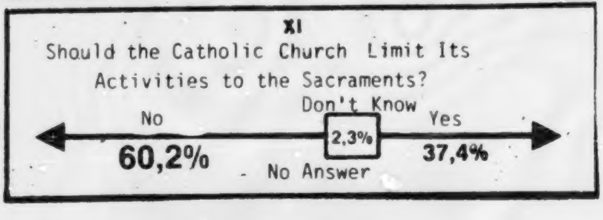
IX

Should the Church Increase the Number of Its Own Schools?



X

Should the Catholic Church Intervene in Politics?



XI

Should the Catholic Church Limit Its Activities to the Sacraments?

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WESTERBERG, LIBERAL PARTY CONTINUE POLL GAINS

Chairman's Popularity Approaching Record

Stockholm SVENSKA DAGBLADET in Swedish 3 Jan 86 p 6

[Article by Elisabeth Crona]

[Text] Following the election, Liberal Party leader Bengt Westerberg is the country's most confidence-inspiring politician.

Nearly half of the approximately 1,600 individuals polled feel that Westerberg inspires "great confidence," according to INDIKATOR, a news letter published by SIFO [Swedish Institute for Public Opinion Polls].

The poll was conducted between 6 November and 10 December, in the midst of the Center Party's big crisis. Those polled were between the ages of 16 and 74.

With the confidence of 47 percent of all voters and 78 percent of admiring Liberals, Bengt Westerberg is now at a level far above the past decade's figures for party leaders and signs of growing contempt for politicians.

Erlander Was Popular

In the late 1960's and early 1970's, Tage Erlander stood far above the 50-percent mark in voter confidence. Gunnar Hedlund came close to the same figure. A few years after the the Social Democratic and Center Parties had changed leaders, Palme and Falldin still scored high. Then the figures suddenly collapsed.

Since 1973, no party leader until Westerberg had managed to inspire the confidence of over 40 percent of the voters. Bengt Westerberg himself started with 9 percent in the fall of 1983, before he took over as party leader. Since then, the figure has moved straight up.

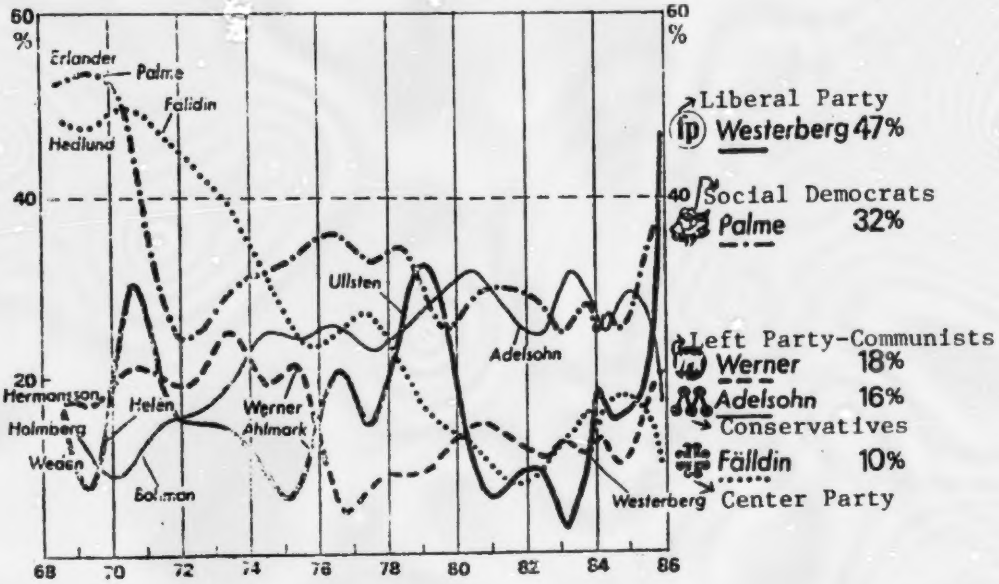
Adelsohn: 16 Percent

Compared to Westerberg's 47 percent among all voters, "great confidence" is felt in Olof Palme by 32 percent, in Lars Werner by 18 percent, in Ulf Adelsohn by 16 percent, and in Thorbjorn Falldin by 10 percent.

The Conservative Party leader had about 30 percent a year ago. Confidence in Falldin has also declined over the past year. Olof Palme's curve has moved downward since the election.

Within the parties themselves, 58 percent of the Social Democrats polled feel great confidence in their party leader, while 57 percent of the Conservatives place similar confidence in Ulf Adelsohn. Lars Werner scores 54 percent. SIFO contacted only 81 Center Party members before Thorbjorn Falldin's resignation. Of those, 38 percent felt that the Center Party leader inspired great confidence.

Confidence in Party Leaders



Confidence in Bengt Westerberg is now at the same level as that enjoyed by Tage Erlander and Gunnar Hedlund in the early 1970's. Since September 1973, Westerberg's "reserve of confidence" has risen from 9 percent to 47 percent. The poll was conducted in late November and early December.

Paper Comments on Poll

Stockholm SVENSKA DAGBLADET in Swedish 4 Jan 86 p 2

[Editorial: "Party Leader SIFO"]

[Text] The election results were a setback for the Conservatives. The Conservative Party leadership was not really taken in by last spring's very high public opinion figures. The party was not expected to win 30 percent of the vote. But on the other hand, the opinion figures had created expectations that its position would be markedly strengthened as a result of the election.

Since the election, the Conservatives have had difficulty handling their disappointment. This has been manifested in several ways. Above all, it has taken time for the Conservatives to make a comeback: the party has led a rather anonymous existence.

That phenomenon is not limited to the Conservatives. The nonsocialists in general have had trouble regaining political initiative since the election.

In the Center Party's case, it was unquestionably disastrous. Internal conflicts led to an open power struggle that resulted in Falldin's crushing of internal opposition. But the price was Falldin's own resignation.

The Liberal Party, on the other hand, has not suffered at all from the political anonymity that has characterized the nonsocialists as a whole, and that is a result of Bengt Westerberg's personal standing with the voters.

So in one party the party leader has resigned. In another, the party leader's position among the voters as a whole is stronger than that enjoyed by any nonsocialist party leader over the past 15 years.

In the third party--the Conservative Party--the party leader is responsible to a high degree for his own party's political anonymity. But his position within the party is not really being challenged as a result.

But as is shown in the opinion poll that was published yesterday by SVENSKA DAGBLADET, the Conservative Party leader's standing with the voters has been weakened. This seems to be a message from the voters concerning Adelsohn personally. And in one respect, it probably is just that. The election campaign marked Westerberg's full emergence as a political leader. To a not inconsiderable extent, he emerged by way of comparison with the other nonsocialist party leaders and at the expense of their positions.

But even though practically all attention is centered on the party leaders, their effect on Swedish politics is normally slight, with the result that figures showing confidence in the various party leaders, and above all the changes in those figures, generally say more about the confidence felt in the parties themselves than in their leaders.

Bengt Westerberg is the exception to that rule.

When a party's voters weaken, it also means a weakening of the party leader's position.

What this means is that despite everything, Swedish politics is concerned more with policy than with individuals.

This may seem like a word of comfort for Ulf Adelsohn--and Thorbjorn Falldin, now resigned--as the SIFO figures concerning their own positions hit bottom.

But at the same time, it is true that a party leader is not a party leader just for his own amusement. His responsibility is to lead his party to political successes. His responsibility is to strengthen confidence in his own party's policy.

The result, naturally, is that the newly published SIFO poll contains a rather curt message for Ulf Adelsohn. The message is not that he is on the way to being rejected as a person by the voters. On the other hand, the poll confirms that his party's position has grown considerably weaker.

And as political leader, Ulf Adelsohn is the one primarily responsible for re-creating strength for his party. The job facing Adelsohn will be a difficult one, to say the least, as he tries to shift the curve of public opinion in favor of his own party. But most indications are that there is very strong agreement within his own party that it is he and no one else who can do the job.

All Parties Losing to Liberals

Stockholm SVENSKA DAGBLADET in Swedish 4 Jan 86 p 2

[Article by Willy Silberstein]

[Text] The Liberal Party is the biggest nonsocialist party in the LO [Swedish Federation of Trade Unions], the TCO [Central Organization of Salaried Employees], and SACO [Swedish Confederation of Professional Associations], according to the SVENSKA DAGBLADET-SIFO poll for the last quarter of 1985.

The poll was conducted between 9 October and 17 December and included 3,157 individuals. All were visited in their homes, and that is where they answered SIFO's questions. So the survey did not include any telephone interviews.

The Liberal Party's victorious rampage made itself felt in practically every area surveyed.

The survey reveals that the Liberal Party has taken 8 percentage points from the other parties since last fall's election and lost 0.8 percentage points. All the other parties show net losses as follows: Conservatives: 3.5 percentage points; Center Party: 1.6 percentage points; Social Democrats [SDP]: 1.9 percentage points; and the VPK [Left Party-Communists]: 0.1 percentage point.

Not unexpectedly, the Conservatives have lost the most voters to the Liberal Party even since the election (3.8 percent), while picking up 0.4 percent from that party.

SDP Loss

Bengt Westerberg is also a tempting name to Social Democrats. The SDP's net loss to the Liberal Party totals 1.6 percent (losing 1.9 percent to the Liberals and picking up 0.3 percent from them).

Center Party members were also attracted by the Liberal Party. The Center Party has lost 1.7 percent [illegible]out managing to entice any Liberal Party members into its own fold. [illegible] KDS [Christian Democratic League], which appeared on parliamentary elect[illegible] lists as the "Center," has lost 0.5 percent to the Liberal Party since the election.

SDP-VPK

It can also be gathered from all the figures compiled by SIFO that the flow of voters between the VPK and the Social Democrats is about the same in both directions: 0.6 percent wandered over to the SDP, and 0.5 percent moved in the opposite direction.

Support for the parties is about equal in all age groups, with a couple of exceptions. The Center Party has a markedly elderly group of voters--only 5.9 percent of the population under 40 supports the party, compared to 9.2 percent of those over 40. The SDP also has stronger support among older voters.

The Conservatives were once the leading nonsocialist party within the LO, but no longer. According to SIFO, the Liberal Party is supported by 16.4 percent of the LO's members. The Conservatives have 9.9 percent, and the Center Party, including the KDS, has 4.9 percent. This means that the nonsocialist parties combined have 31.2 percent of the LO's members.

The Social Democrats have 61.3 percent, and the VPK has 6.5 percent.

Biggest in TCO

The Liberal Party also heads the nonsocialist bloc in the TCO, every third member of which, according to SIFO, is a member of the Liberal Party. The Conservatives have 15.5 percent, the Center Party 4.2 percent, the SDP 40.1 percent, and the VPK 5.2 percent.

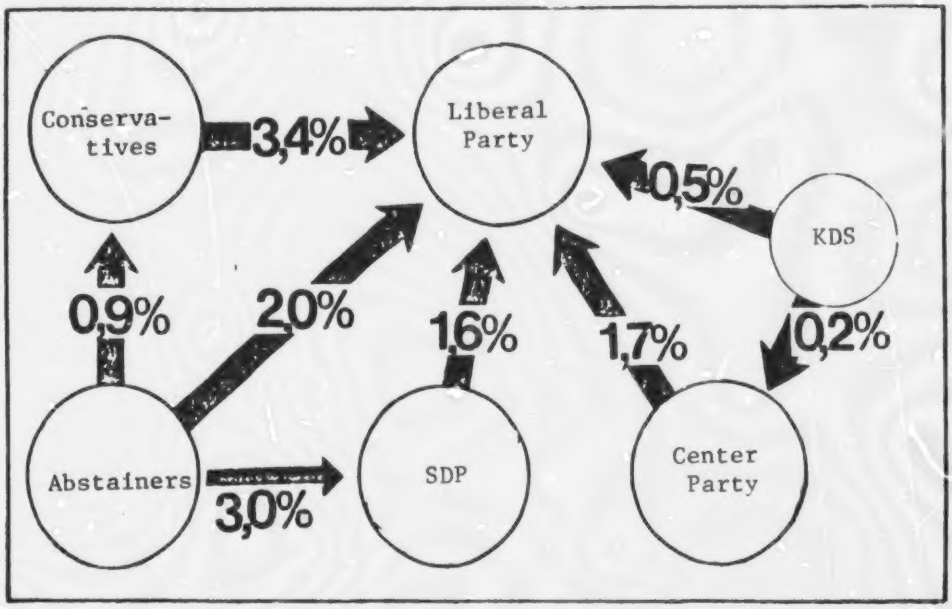
The Liberals are clearly the largest party in the SACO at 39.7 percent. The Conservatives have 25.2 percent, the Center Party 3.0 percent, the SDP 22.2 percent, and the VPK 7.8 percent.

Among salaried employees as a group, the Liberal Party is the largest party. It is followed closely by the Social Democrats and then by the Conservatives. It can be noted that last fall's big poll by the SCB [Central Bureau of Statistics] also showed a big increase for the Liberal Party in the salaried group. On the other hand, the SCB also showed that the Conservatives were still the largest nonsocialist party among salaried employees.

SIFO also looked at differences between employees in the private and pub[illegible] sectors. The Conservatives have considerably greater support among those [illegible] the private sector, the Liberal Party has more or less equal support in [illegible] sectors, and the SDP and VPK have the edge in the public sector.

Nonsocialist voters in the big cities were were once safe ground for the Conservatives, but no longer. For example, the Liberal Party has most of the nonsocialist workers in urban occupations and is larger than the SDP among those who live in detached homes and row houses in the urban areas.

According to SIFO's quarterly study, support for the parties is as follows (based on answers to the question "Which party do you consider best today?"): Conservatives: 16.8 percent; Liberal Party: 25.9 percent; Center Party: 7.8 percent (including 1.6 percent for the KDS); SDP: 43.4 percent; and VPK: 4.5 percent.



The above summary shows voter flows since the September election according to SVENSKA DAGBLADET-SIFO. The figures show the net flow as a percentage of all voters. The Liberal Party has made measurable net gains from all parties except the VPK. Of those who did not vote in the 1985 election, many say they have now settled on a "best party," generally the SDP, the Liberal Party, or the Conservatives. The KDS lost voters to both the Center Party and the Liberal Party. The flow between the VPK and the SDP was the same in both directions.

11798
CSO: 3650/122

RELATIONS WITH LIBYA, ACTIVITIES OF PEOPLE'S BUREAU

Zurich DIE WELTWOCHE in German 9 Jan 86 p 31

[Article by Ulrich Kaegi: "The Peculiar Business of 13 Young Diplomats--Recently, the Most Diverse Affairs Have Occurred Around the Libyan People's Bureau in Bern"]

[Text] This time, Rome and Vienna were the targets of the not yet clearly identified Arab terrorists who, on 27 December of last year, arranged a terrible massacre in front of the counters of the Israeli El-Al Airline Co. Some 19 persons were killed and 115 were injured.

According to statements from the Federal Prosecutor's Office several days later, one of the assassins had flown from Beirut to Geneva and had traveled on from there by rail to Vienna; however, the office later retracted this statement. Italian suspicions that the terrorist undertakings had been actively supported from Switzerland because the assassins had received their final instructions here have thus far not been confirmed. On the other hand, the offer of the PLO, which has a representative office in Geneva, to keep the federal authorities supplied with information is noteworthy.

Now that the security measures at the Zurich-Kloten and Geneva-Cointrin Airports have been increased, Switzerland can at least temporarily breathe more freely. The circumstance that at least one of the assassins was able to board a train in Geneva traveling in the direction of Zurich-Buchs-Vienna unhindered can, in any event, hardly be grounds for accusation. If this man was alleged to be in possession of a forged Tunisian passport, then the border police hardly had an opportunity to subject him to a thorough investigation.

While tourist traffic between Tunisia and Switzerland is accomplished without a visa obligation, this is a subject which is handled much more strictly in mutual contact involving Libya. This means that no Swiss national can travel to Libya without the specific agreement of that country and no Libyan can travel to Switzerland without the specific agreement of Switzerland. This control, thus, renders any shady undertakings much more difficult. However, since Libya has expelled thousands of Tunisian workers from the country but kept their passports, Libyan authorities have an adequate supply of Tunisian passports in order to equip individuals with them whose identities are to be concealed.

Since, on 12 May 1980, the Libyan Embassy in Bern was taken over by the Ambassador of the First "Brother" Muammar Quaddafi and transformed into a people's bureau, relations with the Federal Department for External Affairs have once more been normalized. Nevertheless, "it is a unique experience to visit the people's bureau," admits senior national counselor Dr Richard Mueller (Socialist Party, Bern), who, in 1984, on the occasion of the 15th anniversary of the Libyan revolution, participated in an international conference in Tripoli and reported on it in WELTWOCHE ("The People's Congress Yelled Enthusiastically," No 38, 1984): "Colonel Muammar Quaddafi is seeking international recognition. He no longer wishes to be considered the top terrorist in the world."

Mueller is vice president of the Swiss-Arab Society whose founder and chairman is Bern attorney Dr Hans Ellenberger. Beyond that, Mueller acts as the Swiss coordinator of the European-Arab Parliamentary Union which recently met in Rabat: "We support movements," Mueller said, "which promote a peaceful solution of the Near East conflict. Libya is quite isolated in the Arab world."

Ellenberger cannot believe that the assassins of Rome and Vienna received any kind of support from Switzerland: "In view of the many trips it means nothing at all. The people must pass through somewhere." Although Libya is seen as "a state with a very self-willed leadership," he considers it extremely difficult to determine who actually is behind the assaults. Consequently, Ellenberger asked himself who benefits from these actions, what is accomplished by these actions, and he draws the conclusion that: "It is certain that they diminish the political peace process which works to the advantage of Israel. Israel fears nothing more than concrete peace negotiations." But even the splintered Palestinian camp includes groups which reject every thought of peace as "treason."

At one time, Ellenberger was drawn into aiding refugees, originally primarily Jews from eastern Europe, under the influence of the legendary refugee mother Gertrud Kurz. However, after 1956, when Algerian workers fled to Switzerland from France, he began to discover the Arab world and intends to use his company to spread knowledge about this world region throughout Switzerland. Since that time, he has been a mote in the eye of pro-Israeli circles.

The transformation of the Libyan Embassy into a people's bureau is explained by Ellenberger on the basis of the goals set by the Libyan revolution, namely to break up fossilized hierarchies and to move the population to participate more strongly in the affairs of state. Since 95 percent of the population were illiterate before Quaddafi's coup, this country does not have the educational strata from which experienced diplomats could be recruited overnight.

When WELTWOCHE visited the people's bureau in May 1980, it had the impression that it had landed in the headquarters of a youth group ("Visit in the People's Bureau," No 21, 1980). Neither the names nor the career paths of the six persons interviewed could be learned: "They spoke with a member of the people's bureau," stated a spokesman for the group in answer to the appropriate question. "I am not the chief. Perhaps I will return to Libya tomorrow or I will travel elsewhere."

According to the diplomatic register, the Libyan People's Bureau did not have a chief last year either. Nevertheless, the remaining representatives of the "Arab-Libyan People's Socialist Jamahiriya"--as the official designation of the state which does not want to be a state is known--had to agree to enter their names in the official list. Thus, one can at least count: 13 of them. Added to this are auxiliary and housekeeping personnel. It is satisifed with nine persons, including its chief.

Mohammed Abdel Malek, the charge d'affaires ad interim of the people's bureau, took care of special types of turbulences in Swiss-Libyan relations during 1980/1981. In a Bern classified advertising paper he offered for sale "folding cots, double and single mattresses, a chest of drawers, end tables, a buffet, a group of pillows, an oak multisectional wardrobe, a piano, and various other items." Malek was liquidating his possessions at Hinterkappelen after the Federal Council had politely but firmly requested that he leave Switzerland as soon as possible.

Demand for Things, Alcohol, and Women

He was accused of having received political information for transmittal to Tripoli from the former bar lady in the hotel "Bellevue," the originally American Alexandrea Lincoln, who is a housewife today in the Canton of Aargau, and of having paid 14,000 francs for this material.

The 30-year-old Alexandrea herself was temporarily arrested on 18 May 1982 under suspicion of engaging in political intelligence work and, on 21 March 1983, was sentenced to 2.5 months in jail, the sentence being suspended with 2 years' probation.

Alexandrea allegedly received the information passed on to the Libyans from senior federal parliamentarians and high chief officers. "Always late at night," wrote the BASLER ZEITUNG in reporting the prickly process, the gentle being allegedly drew the politicians "into her dangerous spell." "Who all from the Helvetian nomenclature fell victim to the girl-woman smiles of Alexandrea?" asked BLICK with a sanctimonious rolling of the eyes, although it knew very well who.

In order to pull the rug from under additional unseemly speculation, the Federal Justice and Police Department stated in a declaration which did not permit any contradiction that: "The investigations have resulted in no indication for a criminal prosecution of parliamentarians and federal officials." Which means: The singer's politeness remains silent with respect to nightly practices and vices.

In any event, the Federation does not seem to have suffered a great deal of damage as a result of the Alexandrea affair, since BLICK qualified the Libyan diplomat Malek as "incapable of understanding a state secret which was relayed to him in the English language." He seems to have understood other things better, since they did not require a knowledge of foreign languages. It is alleged that the Arab diplomatic corps was laughing itself "half-dead" over this affair.

The youthful members of the Libyan People's Bureau, characterized by some diplomats as the "chaos shop," were credited with having some catching up to do with respect to alcohol and women in view of the deprivations imposed upon them in their own country by Islam. What the federal politicians had to catch up on would have to be left to the ministrations of a psychologist.

Alexandrea would certainly be the most likely expert to testify on the deep relationships between Libyan and Swiss men. Perhaps a quiet mutual sympathy was based on the fact that at least 3 years ago Switzerland was still getting one-fourth of its oil requirements from Libya and continues to participate in large-scale Libyan construction projects.

Despite such considerable Swiss interests in Libya, the Federal Council was not willing, in the fall of 1981, following the instigation of the then Geneva Socialist Party national counselor Jean Ziegler, to invite Col Quaddafi to make a visit to Switzerland. But as early as March 1982, Ziegler backtracked when he wrote to his party friend and minister of foreign affairs, Pierre Aubert: "It would be very sensible if Col Quaddafi could be received by Switzerland on the occasion of his next visit to Europe." In the Ministry of Foreign Affairs the response was: "Not topical." And SPS President Helmut Hubacher told the Geneva sociology professor: "No topic."

In February 1983, the trial at the Zurich District Court against both alleged terrorists Claudia Bislin and Juerg Wehren, both of whom were sentenced to 7 years in jail, barely raised any substantial attention. The district attorney accused both individuals, who stubbornly maintained their silence, of having received arms and ammunition from the Libyan People's Bureau. Meanwhile, this did not lead to a lasting deterioration of Swiss-Libyan relations.

Patients from the oil-rich desert state, which offers all its citizens free medical and dental care--if necessary, also abroad--are very welcome in Switzerland. Great Britain, France, the FRG, and, primarily, Switzerland, save many Libyan lives and are well paid for their services. Thus, the Libyan patients render a welcome contribution to the lowering of the horrendous hospital deficit.

For example, the Bern Inselspital Hospital accepted 401 patients from Libya in 1983 (of a total of 1,247 foreigners) who paid an average daily fee of 370 Swiss francs. Since these patients frequently travel in the company of their families, also at state expense, the Libyans have become a significant factor in Bern's tourist business. The North Africans accounted for a total of one-quarter of the overnight stays by foreigners in the federal capital in 1983.

Palestinian Desperadoes--Centrally Controlled?

The newspaper TAGES-ANZEIGER found out that, in Zurich's Children's Hospital, 129 of the 420 foreign children in 1983 were from Libya and commanded a private tariff for foreigners of 284 francs per day.

Naturally, from time to time there are delays in payments of the bills. In June 1984, the Bern Inselspital Hospital complained that Libyan debts of 2.8

million francs were outstanding, whereupon the people's bureau quickly put 1.6 million francs on the table. Yet, nevertheless, in view of the shortfall of 1.2 million francs, the hospital administration declared that it "did not wish to care for any more Libyan patients for the present."

Given their "endless patients," experts believe "the Libyans frequently commit the error of believing that their business partners evince the same kind of virtue." In the final analysis, the money does arrive. According to information obtained from the people's bureau, it pays between 750,000 and 1 million francs for its patients each month in Switzerland.

Georges Breny, the national counselor for the National Action for Canton Waadt from 1971 through 1975, can also be satisfied with the Libyans. His deep rejection of everything which is not Swiss finds expression in all his art designed to bleed the Libyan families during their stay in Bern. His trick is: He rents apartments and rooms which he subleases to foreign guests. The newspaper BUND found out in February 1983 that Breny paid 412 francs for a small room for which he was demanding 1,460 francs. He paid 606 francs for an apartment and was asking 2,200. Former national counselor Breny never complained about the fact that the people's bureau let him sit on his immoral demands.

Is Quaddafi behind the assaults in Rome and Vienna? "That is nonsense" can be heard, with the greatest of certainty, from people who believe they know the Islamic world. The power centers of the Islamic world are Teheran and Damascus. Anyway, the suspicion that all actions by Palestinian desperadoes are centrally controlled is a great error.

Naturally, Quaddafi likes to puff himself up and yet the hard-luck crow must be very careful since he is threatened from a totally different direction by a serious danger which he tends to overlook: "Since he has already essentially delivered his country into Soviet hands--the Army is in the hands of the Russians, the secret service is under the control of the GDR--he is threatened with the fate of Afghanistan." Should Quaddafi, this "romantic," be toppled in the next few months, one could ascribe this action to the Israelis or to the CIA and, thus, arouse the whole Islamic world against the "Satan" who lurks for them in New York--to the greatest joy of the Kremlin.

Switzerland, which is highly regarded and valued as the turntable for all possible types of business transactions and contacts by all sides, has for years no longer been the target of terrorist assassins: "It has a very good reputation in the Arab world," one can hear on this score in informed circles in a discrete manner. Even its nurturing deportment with respect to the Libyan People's Bureau is likely to have contributed to this reputation.

[Box]

Without Switzerland

Following the Vienna and Rome assassinations, speculations, suspicions, and accusations moved the Libya of Col Quaddafi into the focal point of international tensions. What role does the Libyan Embassy in Bern, which has been transformed into a "people's bureau," play? In recent years, it has repeatedly seen to prickly affairs. Nevertheless, Switzerland, as the Swiss Department of External Affairs has declared, does not wish to participate in any sanctions against Libya.

5911
CSO: 3620/215

RETIRING NATO NORTHERN FORCES CHIEF: AREA'S IMPORTANCE GREATER

Oslo AFTENPOSTEN in Norwegian 4 Feb 86 p 80

[Article by Liv Hegna: "Silent Scot Will Miss His Command at Kolsas"; first paragraph is AFTENPOSTEN introduction]

[Text] The arguments about Norway and the Norwegian Sea are dependent on each other. The loss of one will be decisive for the fate of the other. This was said by General Sir Richard Lawson, commander of the NATO Northern Forces Command in an interview with AFTENPOSTEN. On 10 February he will leave the country after three and one-half years in command at Kolsas. He gives the Norwegian chief of defense, General Fredrik Bull-Hansen, his unqualified support for increased defense appropriations: "It is the number of ships, aircraft and tanks which means something. Appropriations for key weapons and equipment should be expedited," he said.

British friendliness, Scotch humor, and all the best qualities of an officer that one can imagine. Those are some of the adjectives used by the people who know Sir Richard Lawson when they speak of him. As for himself, he told AFTENPOSTEN that he will miss the military life when he leaves the British Army after 40 years service.

Low Profile

But General Lawson is also known for keeping a very low profile in relation to the media. He seldom meets the press. But he insists that the reason is not bad experiences. "It is my mistake. And it has happened that journalists do not understand and repeat things incorrectly. One must live with that. But we have a formidable strength in the West in the free press and the democratic form of government. It is totally different from how conditions are behind the Iron Curtain," said General Lawson.

To the question of whether East-West relations have changed after the entry into the arena of party chief Mikhail Gorbatchov, General Lawson answered, "Gorbatchov is probably for reduction of tensions in order to win time to solve some of the Soviet Union's pressing internal problems. But there is no indication that there has been any fundamental internal change in their paranoia, their expansionist pressure or their unwillingness to change their approach to the rest of the world."

The Threat

"Soviet military strength continues to grow on land, in the air and on the sea. Is Norway meeting this threat appropriately?"

"We cannot measure Norway's national defense against the total resources which the Soviets can send against the northern area. We can only get a correct picture by balancing all the contributions of NATO against the forces that the Warsaw Pact can realistically deploy. If we put all that together we will find good reason to believe that no Soviet planner can recommend to his political leaders that a military operation in our area would be an easy task," said General Larson.

Controlled Decline

"A budget increase in Norway of 3.5 percent appears to be attainable politically. At the same time the defense chiefs point out that this will result in a controlled decline in the defense forces, and they themselves have recommended an alternative budget. Would you care to comment?"

"It is a question of how much confidence the politicians have in the judgment of their military leaders. It is my impression that people in Norway are very determined to maintain a credible defense. The problem is to get the Storting to go along. But this problem is not Norway's alone."

General Lawson thinks of the future. "As new generations of weapons systems are developed, it becomes more and more difficult for individual countries, especially the smaller countries such as Norway, to maintain the entire spectrum of defense possibilities alone. The defense effort must be increased within the framework of NATO, and in certain cases this will lead to multinational solutions such as the AWACS surveillance aircraft. But also in the past the alliance has cooperated on tasks such as the so-called "Fire Brigade" and the Standing Naval Forces Atlantic, STANAVFORLANT. Personally, I hope that there will be closer cooperation among nations on the purchase of weapons. That would mean longer production lines and lower prices. Norway has much to offer in the high technology area."

Stand Together

"What advice would the General give the politicians in this connection?"

"I believe the alliance countries must stand together on industrial development and production across Europe."

"Another argument for Norway to enter the EC?"

"There is a connection between security and economy. If a country bears the burdens of a unified defense of a territory, the countries should also have the advantages of a unified economy," said Sir Richard Lawson.

Neutrality

"Sweden's defense appropriations have declined from five percent of GNP in 1970 to three percent in 1985. Should Norway, as a part of the Northern Command, feel that its back is no longer covered toward the East as before?"

"It appears difficult for Sweden to maintain a strong defense as the weapons become more and more expensive. And Sweden does not have the the same opportunity as Norway to share tasks with allies. If the Soviets continue their military buildup it will be difficult for a country such as Sweden to maintain credibility in its security policy," said the general.

Deterrent

Sir Richard Lawson wants to make it clear for the Soviets that the western alliance can prevent them from gaining control at sea and in the air over the Norwegian Sea. "If reinforcements from outside do not come to Norway before hostilities break out, we must control the Norwegian Sea in order to protect their arrival. Success or failure in Norway and the Norwegian Sea will decide the fight in the Atlantic, and will therefore have a decisive effect on the defense of Central Europe," said General Lawson, and emphasized that United States' exercises in the Norwegian Sea do not mean any marked change in that strategy. It is important to show the flag in these waters, according to the commander of the Northern Command, and he indicated that only the United States can and will undertake this task on the northern flank. In order to maintain low tension in the northern areas allied naval forces must constantly exercise there.

Good Soldiers

The modernization of the Norwegian Army into the Brigade 90 structure is a good measure to test Norwegian terrain and the way in which Soviet forces will attack, said Lawson, who like the Norwegian defense leadership is not satisfied with the delays in the program, and that it appears to be more expensive than estimated, and that only half of the brigades will have the modern structure before the applicable budget has run out.

But Norwegian soldiers have very good standards, says the Kolsas commander, and he stressed that there is a remarkable closeness and similarity between the officers and the men in the Norwegian defense forces. That creates confidence both ways, he said.

And as for the disagreement about military defense which appears to be reflected in the debate, he rejects that by saying that it is merely "shades of the same color." "Norwegian society is thoroughly solid on defense. When I leave this country on 10 February it will be a sad day for me." said General Sir Richard Lawson in his departure interview with AFTENPOSTEN.

9287
CSO: 3639/74

SWISS EXPERT REVIEWS CHANGING MOUNTAIN WARFARE DOCTRINE

Frauenfeld ALLEGMEINE SCHWEIZERISCHE MILITAERZEITSCHRIFT in German Jan 86 pp 5-9

[Article by Col Erhard Semadeni: "Mountain Warfare"]

[Text] Hard and fast rules for all types of mountain warfare in the form of a single tactical doctrine neither existed in the past nor do they exist today. The validity and/or weighting of principles is subject to change. It depends not only on the special circumstances of each case considered, but also on the location and experiences of the person making the observations. For these reasons, this has always been a controversial subject.

What effect will the current threat situation have, and what are its consequences for us?

Part I: Historical - Basic Data

First Problem Complex:

Is mountainous terrain a primary, or a secondary, theater of military operations, or--in other words--is the defender fighting a decisive battle here or limiting himself to delaying actions, to a war of attrition?

Clausewitz and--100 years later--Conrad von Hoetzendorf and also Ulrich Witte considered the mountains a secondary theater of warfare, where, through the delaying actions of relatively weak forces, preparations could perhaps be made for the decisive battle on level terrain.[1] At the same time as Clausewitz was questioning the strategic value, above all, of the mountains for the defender, Jomini was expounding the exact opposite. Mountainous terrain, in his view, was particularly suited for the resolute defender seeking a decision.[2]

While the successful crossing of the Alps by Suvorov--cited by both authors for opposite reasons--seems to support Jomini's thesis, it is described by Clausewitz as a poor example.[3]

It is logical, therefore, that in 1820 Clausewitz still perfers to use the Seven-Year War fought by Frederick the Great in Bohemia seven decades before to examplify the subject of mountain warfare.

In this connection, it is particularly noticeable today to what extent tactics of the United States again make reference to the teachings of Clausewitz: a war of attrition by weak limited-combat units is planned for defense in the mountains.[4] An example of this, adapted to local circumstances, is offered in Afghanistan.

On the other hand, we see a straight line leading from Jomini to Dufour's work, "Strategies and Tactics," to the three Alpine fortresses, to a conduct of operations using demolition-prepared installations,[5] to the chief of general staff Sprecher von Bernegg, to General Guisan, and to the Swiss redoubt [final stronghold] of WW II[6] (Figure 1).

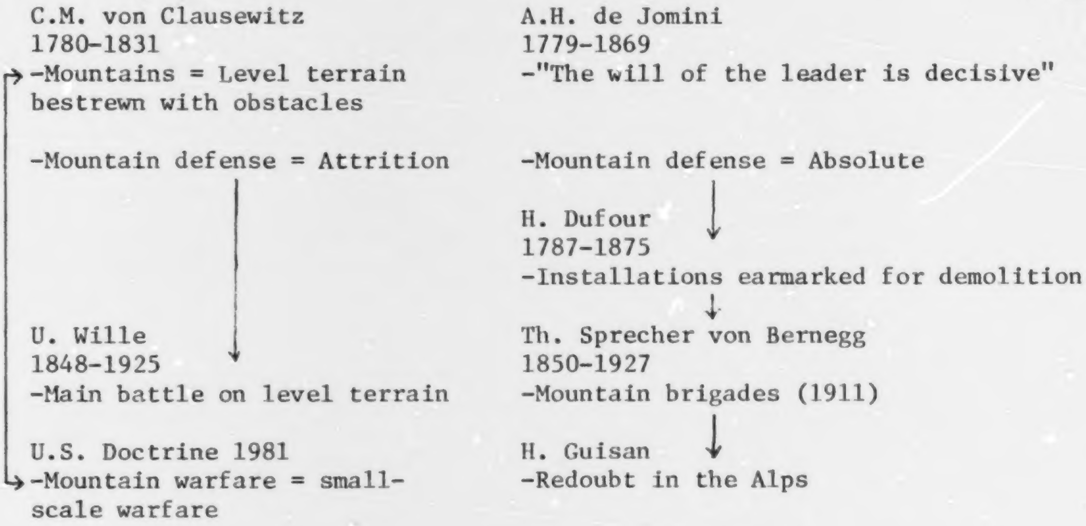

C.M. von Clausewitz
1780-1831
-Mountains = Level terrain bestrewn with obstacles
-Mountain defense = Attrition
U. Wille
1848-1925
-Main battle on level terrain
U.S. Doctrine 1981
-Mountain warfare = small-scale warfare
A.H. de Jomini
1779-1869
-"The will of the leader is decisive"
-Mountain defense = Absolute
H. Dufour
1787-1875
-Installations earmarked for demolition
Th. Sprecher von Bernegg
1850-1927
-Mountain brigades (1911)
H. Guisan
-Redoubt in the Alps

Figure 1. Mountains or Secondary Theater of Operations?

Conclusion: Compared to our neighboring countries, mountain warfare takes on a special strategic significance for our nation. The principles of Clausewitz may perhaps be applicable to the overall European framework of the early 19th century. They are, at any rate, not incontrovertible. For us they remain more academic observations than anything else. And so, in the final analysis, the question as to whether an attack in the mountains would be aimed at opening the north-south axes, the east-west axes, or "only" the blood-letting of the defender, is of secondary importance.

Second Problem Complex:

No two mountains are the same--or: terminology, geography, enemy and mission influence the doctrine and organization of the unit operating in the mountains.

As the first example, it is probably known that in Russian military terminology mountainous terrain begins already with hills having a relative elevation of 200 to 500 m, as is evident from the regulation "Military Forces East."

The second example, on the subject of geography: The Alpine climate cannot be compared with the Nordic climate even when individual parameters are the same: although the annual mean temperatures of the Great Saint Bernhard [pass] and Jenisejsk/Siberia are almost the same, the temperature extremes [at these two locations] differ by more than 20° Celsius[7] (Figure 2).

	Yearly Average	Winter	Summer	Difference
Great Saint Bernhard 2434 m above m.s.l.	-1.3°C	-7.9°C	+6.0°C	13.9°C
Jenisejsk/Siberia 58° North latitude	-1.7°C	-21.2°C	+17.5°C	38.7°C

Figure 2. Comparison of Alpine with Nordic Climate (Umlauft, p 435)

The third example from the Italian Western Alps offensive of 1940 at the Little Saint Bernhard [pass]: Although the Italian attack in this sector was conducted for 2 weeks with a numerical superiority of 6:1, not even a penetration into the main battle area of the French forces was achieved; the attack bogged down already in the covering [delay] area, which was defended primarily by heavy mine launcher fire and a few specialized platoons of "eclaireurs-skieurs."[8]

In contrast thereto, the conclusions drawn by the commander of the (only) American 10th Mountain Division, which operated in the Italian campaign from February to May 1945. Advancing from the Apennines, the United States 10th Mountain Division was the first to reach the Po plain, and its advance elements were the first to reach Lake Garda when the war ended. On the basis of his wartime experiences, the commander later recommended to the Department of the Army that, basically, a mountain division should be equipped like a normal infantry division for combat on level terrain. Since a mountain devision must also see action on level terrain, its equipment with weapons and materiel for purely mountain warfare should be planned with great restraint. A direct result of this situation assessment was the deactivation in December 1945 of the only American mountain division.[9] Parallels to the changes made in our mountain divisions in 1951 to bring them more closely in line with field divisions with respect to organization, equipment and training suggest themselves.

Conclusion: Neither a Russian mountain warfare doctrine nor one based on the specific experiences of the United States 10th Mountain Division in the Apennines can be uncritically applied to the Alpine region. Thus, for example, the question comes to mind whether the tank, for instance, undeniably the main threat in the midlands also in the 1990's, would occupy a comparable position in the mountains.

Third Problem Complex:

Do the elevations [mountains] dominate, or do the valleys--or: how great is the influence of technology on tactics in mountain warfare?

The Austrian and founder of the "Imperial Infantry" battalions, Gen Baron von Luetgendorff, predicted the subsequent development of the Dolomite war already in 1909 in his work "Der Gebirgskrieg" [Mountain Warfare]. His guiding principle, "The elevations dominate [control] the valleys," indoctrinated not only Austrian military thinking at that time but even more so Italian thinking.[10]

He was contradicted after WW I by his countryman, General von Krauss: As chief of staff of the Army "Archduke Eugen," he had learned, particularly during the Tyrolean offensive of 1916, that even the remaining mountain positions of the defender were unable to accomplsih anything in the flanks of a surprise, high-momentum attack carried out in the valley. Thus "the valleys dominate the elevations," or: back to Clausewitz.[11]

A middle position was taken--likewise after WW I in the 1930's--by Bavarian General von Dellmensingen. In his work, "Der Durchbruch" [The Breakthrough], he--as, incidentally, Dufour as well in the 19th century already[12]--correlated the significance of elevations and valleys to the range and effectiveness of the heavy support weapons."[13] In other words: the elevations dominate if the valley axes can be controlled by bursts and/or fire from them, and if they do not pose too many difficulties, terrainwise. Particularly von Dellmensingen had strong arguments on his side: the 12th Battle of the Isonzo, the German-Austrian breakthrough as far as the Piave [river] on Oct 1917, which was not the decisive battle in Italy primarily because no one in the Austrian general staff had anticipated a success of this scope. For that reason, preparations for exploiting the success had been made neither in the operational nor--above all--in the logistic area[14] (Figure 3).

von Luetgendorff
1862-1958
-"The mountains dominate the valleys"
-Founder of the Imperial Infantry Battalions

⟷

von Krauss
1862-1938
-"The valleys dominate the mountains"
-Experience gained in the Tyrolean offensive in 1916

von Dellmensingen
1862-1940
-Importance of mountains dependent on type and effectiveness of fire support
-Experience gained in 12th Battle of the Isonzo

Figure 3. Do the Mountains Dominate, or the Valleys? Opposing Positions from the Time of WW I

Conclusion: The personal experiences of different observers can lead to contrary conclusions even when from the viewpoint of the same military side reference is made to the same theater of operations and the same time frame. The examples cited also confirm that the importance of elevations is dependent, on the one hand, on the range and effectiveness of the fire support, but on the other hand also on the speed and molibity of the attack that is carried out.

Part II: Where Do We Stand Today?

The presentation given below will deal with only one single aspect of the emerging threat picture, and I knowingly accept the criticism of using a one-sided approach. At the same time, there are reasons enough to assume that the continuing increase in Soviet air transport capability and above all in fire support by air-mobile weapons carriers can lead to far-reaching tactical changes, at least in mountain warfare.[15] Comparisons with the employment of armored weapons and dive bombers at the beginning of WW II suggest themselves.[16]

There is continuous talk of Soviet offensives in Afghanistan using Mi-8 and Mi-24 helicopters. What does this mean?

1. Firepower

Within a few seconds, just four Mi-8 helicopters can fire a total of 768 x 57mm air-to-ground rockets with high explosive, fragmentation, or odorless chemical agent warheads.[17] This means, further, that the fire concentration with a target area of 200 x 200m is greater than 10 rounds per $625m^2$. By comparison, the concentration of a conventional artillery battalion's fire, at 60 to 80 rounds in the same target area [200 x 200 m], is ten times less, namely only one round per $625m^2$. At the same time, these same four helicopters, depending on their combat mission, can be armed with a total of 16 x 250 kg bombs, with a bomb load of 4 tons, therefore, or the equivalent payload in air-dropped mines.

2. Low Vulnerability

An article in the newspaper DIE WELT notes in March 1984: "Even after 4 years of war, the Mudjahedin still fear napalm, chemical weapons, and above all the nearly invulnerable Soviet helicopters, but they are not afraid of the Soviet soldier"; and further on: "...the resistance forces continue to lack...air-to-surface missiles and other defenses against helicopters..."[18] Almost one year later to the day, a Reuters report on 6 March 1985 states: "According to this, the rebels have shot down more than ten helicopters since the beginning of the year. This indicates that the resistance forces have for some time had more Soviet-made SA-7 missiles available to them."

To briefly outline the problems associated with defense against attack helicopters, I will confine myself to a depiction of the time relationships, without going into the largely reduced vulnerability of the different types:

An attack helicopter approaching the target at a speed of 250km/h in a pop-up-attack mode[19] opens fire with rockets or automatic cannons at a distance of 2000 to 2500 m. After maintaining this fire for almost 30 seconds, the helicopter breaks away 500 m before the target, and with a radius of curvature of 300 m is within the effectiveness zone of infantry weapons located in the target area for only 13 seconds. If the attack helicopter limits its fire opened at a distance of 2500 m from the target to 15 seconds and then breaks away with the same 300 m radius of curvature, it will, during the entire attack sequence, remain outside the range not only of the small arms located in the target area but also of heavy 12.7mm machine gunds (Figure 4).

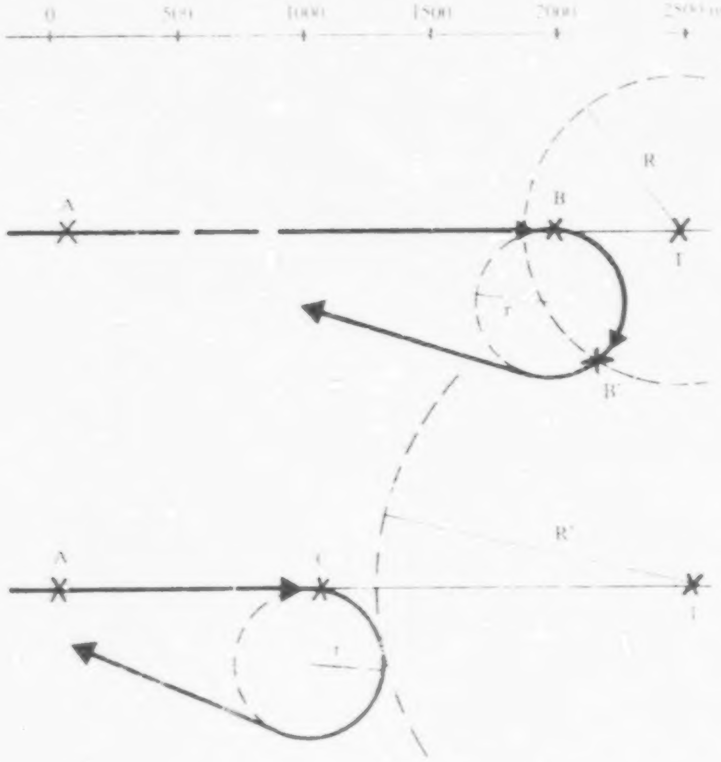


Figure 4. Time Relationships for Engagement of Attack Helicopters

A = Opening of fire at a distance of 2500 m from the target
B = Target
C = 600 m range of infantry weapons
[continued on following page]

D = 1200 m range of 12.7 mm machine guns
r = 300 m radius of curvature at an approach speed of 250 km/h of the Mi-24
A-B = 2000 m; 30-second flight time at 250 km/h
B-B' = 900 m; 13-second flight time at 250 km/h
A-C = 1000 m; 15-second flight time at 250 km/h

3. The Threat of Surprise from All Sides

The attack helicopter-supported air-transported infantry attack (leap-frogging attack)[20] makes the problem of timely employment of reserves almost insoluble for the earthbound defender. At the same time, this means that the reverse slope has largely lost its importance and protective function, especially for the defender.

4. Threat to Mountain Positions Above the Timberline

Examples of Soviet attacks in the Pashmir high valley (Afghanistan), as well as the service ceiling of 4000 m estimated for the Mi-24 attack helicopter at an ambient temperature of 15° Celsius and a combat payload of 1275 kg, confirm that operations by attack helicopters are currently possible at altitudes above 2500 m, something that was still being disputed a few years ago (Figure 5).

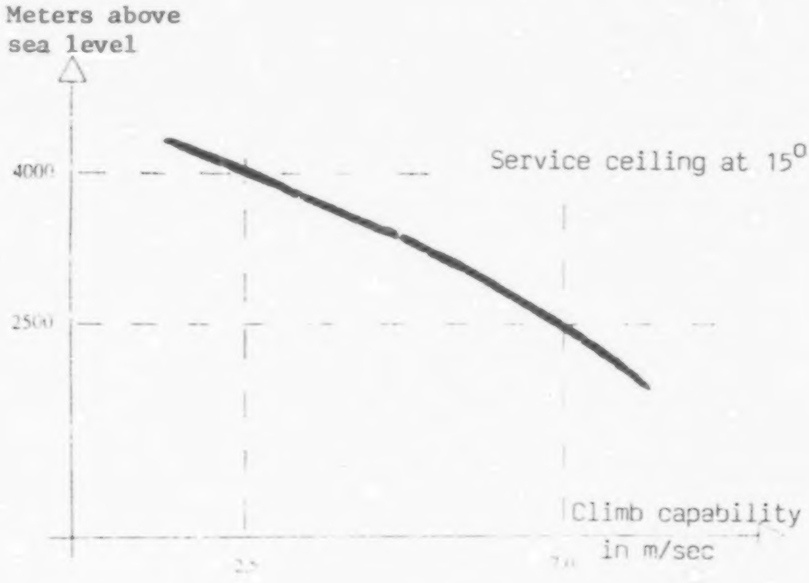


Figure 5. Service Ceiling of the Mi-24 Attack Helicopter

5. Weakness of the Attack Helicopter

And finally--and of special significance particularly for the defender--one last observation: attack helicopters can decimate an inadequately armed or prepared defender, but--contrary to the infantry--they cannot hold terrain.

Conclusions:

1. Today we can, if we keep our eyes open, follow the emerging continued development of the familiar Soviet mountain [warfare] doctrine in Afghanistan as portrayed in the regulation "Military Forces East."

2. For us, the primary question concerns the measures that must be taken in the technological and tactical sectors, so as not to have to pay too high a price in blood in the face of the growing threat from the third dimension. Even though the antiaircraft defenses of the divisions in the midlands and the "air defense weapons density" in the area of the mountain army corps can be currently assessed as good overall, this judgment cannot be simply applied to the mountain divisions armed strictly with road-bound air defense weapons and still less to the individual mountain infantry regiments and battalions.

3. One must always expect that, the less capability the defender has against a specific offensive weapon, the more offensive weapons of that type will be employed by the attacker. In other words: Limiting the antiaircraft defenses of our mountain divisions to road-bound antiaircraft artillery, and at the same time renouncing portable air defense self-protection weapons, poses the great danger that an attacker can employ his attack helicopters on a particularly massive scale precisely against our mountain infantry.

4. As numerically strong as our mountain forces are, as good as morale and training may be, with respect to the threat from above we see ourselves confronted today with several weaknesses and problems requiring solution:

a) The importance of dominant mountain positions and of reverse slopes has decreased.

b) Today the mountain infantry is unprotected against attack helicopter operations, since the effectiveness of machine guns and automatic rifles, at least against Mi-24 attack helicopters, is inadequate with respect to caliber, initial velocity, terminal impact energy, and range.

c) The employment of reserve forces in combat--even if they have not been detected by the enemy during daylight hours--always runs the risk of taking place too late against an air-mobile attacker. For that reason, the employment of a number of numerically weaker reserves operating from decentralized staging areas is generally preferable to a centralized, strong reserve force.

d) And finally we must play our trump cards resolutely: First employ numerical strength for the defense of key terrain, defiles, and populated areas, and avoid a dissipation of forces. And secondly to integrate installations earmarked for demolition and natural obstacles logically into the battle plan, since anyone attacking in mountainous terrain will be primarily concerned with safeguarding his communications links.

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ARMED FORCES INCAPABLE OF EVALUATING COST OF U.S. ARMS

Copenhagen AKTUELT in Danish 24 Jan 86 p 3

[Article by Peter Bergen: "U.S. Arms Producers Charging Outrageous Prices"]

[Text] Copenhagen--Danish defense people are at the mercy of the price demands and production schedules presented by American arms manufacturers because we lack people capable of evaluating the American information on the reasons for prices and production schedules.

The result is that arms and airplane manufacturers can charge outrageous prices for products that take so long to arrive that they are already outdated by the time they are delivered.

A pertinent example is the new F-16 combat plane. The plane's computer system which controls weapons, navigation and attack avoidance maneuvers is already outdated. The Americans have announced that it will take 4 or 5 years to complete a new computer program. By then the program will have been out of date for 4 years.

We are exposed to a lot of pressure from industry. And at times we feel a little foolish and get the impression that we are being manipulated by the weapons industry, according to Major M. Sveigaard Nielsen, who has worked for the Defense Command's Materiel Staff and the Defense Ministry's Advisory Analysis Group. He is a trained pilot and when he was with the Air Force Tactical Command he helped specify the weapons requirements for Danish airplanes.

Seller's Market

It is impossible for Danish military people to decide whether the price of the new F-16 plane is reasonable, for example, the major said: "If we set up an organization as big as an airplane manufacturing company, we might be able to estimate the actual price."

But of course it is not financially possible to set up an organization of this kind. The major mentioned another area where the Danish defense system cannot check information provided by the seller: computers that are safeguarded against enemy "hacking" (tapping) maneuvers.

Only in the unusual cases where the weapons of two manufacturers are precisely identical can market mechanisms work.

Sveigaard Nielsen: "It is amazing how quickly the price drops if there is any real competition and we make an effort to bring the price down."

Danish Production

Others besides manufacturers benefit financially from the military's inability to control these things. "If we use a middleman the price of a product increases 100 percent. We had an example of that recently," said M. Sveigaard Nielsen.

A Danish arms industry would provide greater opportunities for controlling American prices. At least it would keep the large amounts of money in this country. But the Danish ban on exporting arms, spare parts and ammunition to countries at war or threatened by war prevents the buildup of an arms industry.

M. Sveigaard Nielsen is "surprised," to use a diplomatic expression, that weapons technology and civilian technology develop in totally different ways: "In the civilian sector new technology means steadily increasing production for the same price. Or for a lower price. For example, pocket calculators have become both better and much cheaper and accurate digital watches can be bought today for practically nothing.

"We see exactly the opposite effect in the American arms industry. I have yet to see a technological development in the arms industry that has led to getting the same effect for a lower price. Even if a product is not changed the price rises constantly, at a rate that is more than the amount justified by higher wages and increased prices for raw materials. I have not met anyone yet who can exaplin why this is so.

Small Country

"The defense system of a small country finds a reduction in development time, simplified design, and greater production for the same price or the same production for a lower price attractive. We never run into anything like this."

Military secrecy prevents the major from being more specific in his remarks about arms manufacturers. But under the title "Technological Insanity?" he presented his general criticisms to the Military Technology Society.

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CONTINUING PROBLEM OF AIR FORCE'S PILOT, GROUND CREW DRAIN

Proposal for Age Stipulation

Copenhagen AKTUELT in Danish 20 Jan 86 p 8

[Editorial: "Fighter Pilots"]

[Text] Danish Air Force leaders are nervous about the departure of pilots. It is debatable whether it is a great financial improvement to be an airline pilot for SAS instead of an Air Force fighter pilot, but it is said to be an advantage that SAS pilots are not moved from one service location to another with the resulting problems in finding housing, getting children used to going to new schools and adjusting to a new local community, etc., etc.

If we ignore the alleged economic advantage of working for SAS, we could ask if real cooperation between the air forces of the Nordic countries and the Nordic civilian enterprise, SAS, which is half state-owned is not in order. Actually such an agreement does exist, but apparently it has not worked very well.

Here the Nordic Council should inspire the cooperation that is so badly needed. At the moment SAS picks up the fighter pilots it needs. The defense system continues the costly pilot training programs and SAS gets a free ride. A reasonable age limit for fighter pilots is 39. The whole thing could be worked out very easily. Training by the military, fighter pilot service until one reaches the late 30's and then a job with SAS. If the military also changes the general but unnecessary practice of constantly shifting service locations, a great deal would be gained. It is seldom that there is such an obvious opportunity for cooperation as there is in this case between SAS and the Air Force.

Ground Crew Say Demoralized

Copenhagen AKTUELT in Danish 21 Jan 86 pp 18-19

[Article by Berit Andersen: "Technicians Leave Air Force"]

[Text] "We never look in the rear-view mirror when we leave. If we did we would see people turning around and laughing at us."

The jokes flew around the table on the Thursday afternoon when we sat and talked to a major, a crew leader, an instructor and two airplane technicians from one of the hangars at Vaerlose Air Base. The traditionally very high loyalty of defense personnel has been exhausted. They are no longer willing to be made fun of for nothing. So now they are laughing at themselves. There is no shortage of humor.

"When you show somebody your paycheck, they think you get paid every 2 weeks."

Or if you ask how many work there: "Well, 5 minutes ago there were 40 of us."

Only Good Humor Left

In reality good humor seems to be the only thing left when airplane technicians talk about the current situation in the Air Force--with a pay rate of 153,000 kroner after 10 years of training, colleagues who disappear almost daily and their natural anxiety about the consequences.

The last aspect is something they don't dare speculate about. All they know is that one of the two Herkules aicraft that is in for inspection has already taken 4 months longer than normal and that a number of their colleagues are currently on loan from the main workshop--and get 2-3000 kroner more a month for the same work because they are civilian employees. At the moment the ground crew is 14 men under its normal level.

Paralysis

Delays in repairing and inspecting almost all types of airplane are getting longer and longer. And last week a careful review of the situation led the airplane mechanics' organization, the Central Association for Permanent Military Personnel, to tell AKTUELT that an almost total paralysis of the Air Force could be predicted.

The people in the hangar that day would not speculate whether that would be the case. The situation changes from one day to the next. But they fear the worst. And with the current investments and plans for new aircraft for both SAS and Maersk, the air base can anticipate a further drain of airplane mechanics. For the only place the civil aviation companies can find people is in the military. And that is what they do. As a matter of course, Maersk recently called up and announced that the company needed 20-30 men.

That is what they have always done, the men in the hangar told us. But since the end of 1984 these calls have become more and more frequent. And nothing has been done to prevent technicians from taking advantage of these offers, which from a purely financial point of view represent a pay increase of between 30,000 and 50,000 kroner. So today the defense system has a problem the consequences of which are now apparent to almost everyone except the defense minister.

Security

"For a long time we profited from the fact that working conditions here at the base were excellent and job security was too. But we can no longer make those things a priority. If you have a wife and children you can't get far on 153,000 kroner a year--including shift work and holidays," said Flemming Hansen, who has worked there for 15 years. He said that for a while last year he had to ask for assistance from a welfare office and ran into an office manager who simply did not believe that he could be earning so little.

"And you have to remember that we are not just airplane mechanics who have to take required follow-up training courses. We are also soldiers who must constantly be available whether it is Christmas Eve or whatever. And we are not paid more than around 150,000 for all that," said Flemming Molgaard, who has spent 11 years in the Air Force.

Responsibility

Both men went through apprenticeship programs as metalworkers before they joined the Air Force. And both are privates first class and airplane technicians with the authority to clear airplanes for flight. It takes time to acquire the training for that and it involves a lot of responsibility. And there are further tests and courses every year. The pay for all that is a base rate of 11,400 kroner. With military increments and payment for shift work and work on holidays, the average monthly pay is 12,700 kroner.

For comparison the two airplane mechanics showed us the paycheck of a former colleague. He now works for SAS and gets a base rate of 15,350 kroner. With overtime pay and various adjustments he gets up to 19,100 kroner. "So it's no wonder people are tempted," they said. And they have been tempted too. Both have now sought nonmilitary jobs, not with SAS but elsewhere in the private sector.

Planning

Air Force leaders are also beginning to feel that the situation is grotesque. Crew leader Niels Egon Rasmussen is in charge of the technicians at the hangar. He has been employed for 37 years and now earns 176,000 kroner a year. And their instructor, Johannes Oddershede, who has gone through all kinds of special training comparable to the program completed by technical school teachers, is paid 40,000 kroner less than his civilian colleagues.

But for the chief of the hangar, Major E.O. Hansen, the overshadowing problem is planning, which has become almost impossible.

"Mechanics must give 3 months' notice and that is as far ahead as I can plan."

Mood

The mood and the climate resulting from constantly saying goodbye to colleagues is another thing.

"We have told ourselves all along that things would have to get better. But we no longer believe that," all five of them told us. "And of course that affects our mood, our desire to work and the general climate. We snap at each other as we have never done before. For the pressure on those of us who are left is becoming greater all the time. We run around and have to do everything with the result that we get confused and constantly have to start over from the beginning. Then we have to go outside and give flight clearance. In again to help a colleague. Back outside to report completion of a job. Inside to work on what we were doing in the first place. And then the whole thing starts all over again.

"It is intolerable. It is a vicious circle. We get farther and farther behind with what we are supposed to be doing. That is repairing airplanes so that they are always in good condition and safe to fly."

Solution

The people in the hangar feel the only solution to the problem is to pay higher wages.

"If we just got paid extra for all the drawbacks and the big responsibility we have," the airplane mechanics said. "It feels dumb to work for 6 kroner an hour in overtime.

"If we don't get more pay soon the Air Force might as well declare bankrupty right now. Things will just get worse.

"The resignations have not peaked yet. They will get worse than they are now. For instance we have started to see older people leaving too. And it is also new to have people quit without having another job lined up.

"Although we like our jobs and are reluctant to seek greener pastures, we must confess that our shoulders are not broad enough to bear the burden we are subject to now," said Flemming Molgaard and Flemming Hansen.

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ARMY MATERIEL COMMAND CHIEF BACKS DOMESTIC ARMS MAKING

Would Aid Shipbuilding Industry

Copenhagen BERLINGSKE TIDENDE in Danish 4 Feb 86 Sect III p 4

[Article by Nils Eric Boesgaard: "Armed Forces Would Like to Have Danish-Built Materiel"]

[Text] The chief of the Army Materiel Command would like to have Danish-built armored personnel vehicles. On the other hand, he does not think that the Danish electronics industry will be able to produce antitank and antiaircraft missiles.

"The Danish shipyards will easily be able to build new armored personnel vehicles for the armed forces. This has been my bold thought since I took over the job here two years ago," the chief of the Army Materiel Command, Major General T. Hjalf, says.

This is a comment to Knud Damgaard, the Social Democratic Party's armed forces policy spokesman, who yesterday suggested that some of the crisis concerning Danish shipyards be resolved by letting them build materiel for the armed forces, possibly with a view toward exports to other NATO countries.

"This would be splendid, and we have actually already studied the possibilities," Major General Hjalf says.

"But it would of course only be a question of building under license. The development of modern military materiel is a too costly and complicated process for us to be able to tackle it here at home."

"For example, what it could be a question of is building under license in connection with the replacement of the almost 30-year-old M-113 armored personnel vehicles. It would certainly be easiest for Danish industrial firms to build wheeled vehicles, and we have in fact looked at a number of possibilities. In part, a Swiss MOWAG, and in part various French types."

Knud Damgaard also mentions the possibility that the Danish electronics industry would be able to produce antitank and antiaircraft missiles. But Major General Hjalf does not believe in this.

"It is possible that there could be a question of partial production, but most of the missile plants have their quite particular secrets, and I think it quite improbable that they would give them away to a licensed manufacturer."

He also does not believe in the Danish manufacture of hand arms; for example, a new unified weapon on the lines of those being introduced in France, Great Britain and the USA for the replacement of both rifles and machine pistols.

"We do not need such great amounts that it would pay to start production, and, finally, there are no plans at all at the moment to replace the armed forces' leased German model M-75 rifles," Major General Hjalf adds.

"The armed forces would always like to look after Danish firms," Defense Minister Hans Engell says in a comment on Knud Damgaard's "idea."

"It is correct that within the coming year we are confronted with having to take a position on the procurement of new armored personnel vehicles."

"It is possible, then, that something can come of such a joint effort, but we have not yet concluded our market studies and for this reason it is too early to say anything about this."

"As far as the antiaircraft missile is concerned, we are farther along and there are talks abroad regarding compensation production in Denmark. As far as exports are concerned, we certainly have to face the fact that, first, we have restrictive legislation in this area, and, second, our possibilities have been quite limited for many years, because other countries themselves are producing what they need," the defense minister says. "But if there are selling opportunities, then it is certainly only gratifying and then they will be exploited."

Shipbuilders Association Favors Idea

Copenhagen BERLINGSKE TIDENDE in Danish 4 Feb 86 Sect III p 4

[Article by Henrik Damm: "Shipbuilders Association Accepts Alternative Production"]

[Text] The president of the Shipbuilders Association bids the initiative from Knud Damgaard welcome. He emphasizes that any restructuring of production at the shipyards requires considerable investment.

The Shipbuilders Association views positively Knud Damgaard's suggestion that part of the Danish army's armored personnel vehicles be built at the Nakskov Shipyard. An order which in any case will amount to about 100 million kroner.

The president of the Shipbuilders Association, Aalborg Shipyard Director Haakon Jensen, says to BERLINGSKE TIDENDE that any initiative which can save employment at Danish shipyards is positive. But he stresses at the same time that any restructuring for another kind of production will cost considerable investment--precisely as in other firms.

"We will consider it as a very fine development project and it is in fact positive to let part of the money stay in Denmark. But, as I said, it requires investment for restructuring," Haakon Jensen says.

Incidentally, the crisis in the Danish shipbuilding industry is being discussed today at a meeting of the Industry Ministry's special contact committee for the shipbuilding industry. Two of the most central points are whether the Danish shipbuilding industry can get the go signal for financial arrangements so they can "match" the competition from foreign shipyards.

At the same time decisive meetings are being begun between ØK [the East Asiatic Company] and Difko regarding the share-financed drilling rigs which have been planned to be built at Nakskov. A project which gradually more and more it seems will be abandoned. What could possibly replace the drilling rig project is lost in uncertainty. And what will possibly happen between Difko and the shareholders in the remaining one rig is just as uncertain.

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MILITARY FINLAND

LAST MIG 21 F ALL WEATHER FIGHTERS RETIRED FROM SERVICE

Helsinki HELSINGIN SANOMAT in Finnish 18 Jan 86 p 20

[Article datelined Jyvaskyla: "MiG-21 F Fighters End up as Museum Items"]

[Text] The MiG-21 F13 fighters that have completed their service will be transformed into museum items or junk on Friday. They will not be flown again in Finland even one more time.

The person sitting in the cockpit for the four minute long farewell flight was Captain Hannu Vartiainen, who had to be content with a rather modest display of aerial acrobatics in the gray and snowy weather. It included some barrel rolls and pendulum turns.

Responsibility for Vartiainen's program was assumed over a radio connection from the ground by the squadron commander, Major Erkki Ikonen, who deplored the bad weather. "The flyer cannot distinguish the horizon. He has to fly by instrument. There is no margin for error."

When the MiG had taxied to the line Captain Vartiainen went to report to the commander of the Air Force, General Rauno Merio, to whom Ikonen attested that the MiG-21 F's services for the Air Forces had ended.

Vartiainen's flying buddies considered his display so historical that they threw him into the air a few times. The man's mood was sad. He had managed to fly the MiG-21 800 hours during seven years.

Vartiainen and many other flyers praised the flight characteristics of the MiG F model as the best that they had had the opportunity to test. Development has brought the new types additional power, instruments, ergonomic comfort and technical details, but also weight and difficulty in controlling.

During over 20 years the F model has been involved in only five accidents in Finland in which the plane was destroyed. In these one flyer died.

In the opinion of Major Ikonen the MiG-21 F13 is really a vagabond that just begins to pick up speed at 1.8 times the velocity of sound. For safety reasons the maximum speed, however, is only twice the speed of sound.

"It obviously would go over it if it were allowed to do so," Ikonen insisted.

MiG purchases from the Soviet Union began in the 1960's. The decision to buy was taken in 1962, and the MiG-21 F13 model planes served in the Air Force officially from 24 April 1963 to 17 January 1986.

For reasons of military secrecy the total number of planes in the MiG squadron was not revealed, but in international usage the number of planes in a squadron is from 20 to 40.

More MiG-21 planes have been built than any other plane in the world, and there are dozens of different models of them on the market.

The MiG-21 F's came to Finland as an interceptor-fighter, but latter were switched to reconnaissance duties and were equipped with cameras, among other things. Their base was in Tikkakoski. The F model planes are being replaced by bis models, which have better automation and armaments than their predecessors.

The commander of the Air Force, General Rauno Merio, turned over two planes to the Central Finland Air Museum, which will not be able to house them, however, because of a lack of space; home for the planes will continue to be the halls of the garrison.

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MILITARY FINLAND

ARMY CARRIES OUT LARGE TAMMI 86 EXERCISE IN SOUTH

Helsinki HELSINGIN SANOMAT in Finnish 20 Jan 86 p 13

[Article by Martti Heikkila: "Tanks Rumble in the Bitter Cold Weather. The Large Tammi 86 Exercise of the Armed Forces Is in Full Swing in the Forests of Southern Finland"]

[Text] The weather was favorable for the armed forces exercise that is causing a stir in the forests and fields south of Riihimaki and Hyvinkaa right now. At the beginning bitter cold and then a little milder and snowstorms like those in the Winter War. The flu virus is trying its best among the 12,000 persons on maneuvers but so far with few results. Only a handful of sniffling and feverish patients have had to leave in the middle of the exercise, and only a few frostbite cases have turned up.

In the Tammi-86 exercise a yellow force numbering a couple of thousand men began an attack from the Jokela region in the south northwards on Monday with the objective of catching the blue group with their pants down, the latter being still in the process of getting organized. The ten thousand man strong blue forces got their ranks in good order, however, and were able to slow down the advance of the yellow forces.

The yellow attackers operated in a formation like that of a super-power army. For the exercise an armored infantry brigade was formed with a company of new T-72 tanks as the shock element.

Erkki and Esipuhe in the Support Forces

The blue defending forces have equipment of an older kind. Nine horses, which are practicing the arts of war as support horses for an infantry battalion, were rushed to the exercise from Niinisalo. On the other hand the horses' age is less than that of much military equipment in the Finnish Army, ten years on the average.

Field stables were built for Erkki, Esipuhe, Humina and six other warhorses in which they can stand the cold while the men are in tents. Esipuhe's reins are held by light infantryman Vesa Nieminen from the school of veterinary medicine in Niinisalo. "As to how it's going, this is a pleasant change. I have no complaints. We arrived Monday morning, there are only a few days left."

"I Am Just Winding"

The exercise is so extensive with its many military units that the rank and file soldier cannot and is not even supposed to know what is really going on. The reel winding phenomenon appears: "I do not know I am just winding a reel."

The student Mika Helin, however, has all the threads well in hand. On Sunday morning he was guarding a minefield laid by the blues with the assignment of preventing their own, blue vehicles from running over the mines.

Helin, who is serving in the noncommissioned officer school of the Uusimaa Light Infantry Battalion, is a member of the First Platoon of the 1st Company of the 1st Battalion of the 12th Brigade in the exercise. "The Second and Third Platoons are in combat behind that forest. Our platoon did not arrive here until yesterday because there was a problem with the vehicles."

Celsius Moving Out

First Lieutenant Sakari Keckman guided his tank company to the farm land between Hyvinkaa and Ridasjarvi on Sunday.

Ten new T-72 tanks thundered on the edge of the forest and awaited the chief of the tank crew, Sergeant Jari Laaksonen, who is running and scouting a suitable route for the tanks. Permission has been requested from the landowner to use the fields, but the horse pastures are not supposed to be driven on in the wrong way or the culverts broken. Hence the routes have to be examined carefully.

Laaksonen soon settles on a route and reports the situation to his commander. The objective is the road from Hyvinkaa to Ridasjarvi, it is to be seized in an audacious assault.

Keckman shows his plan to Laaksonen on the map: "The road has to be taken. Attack along this open field, there probably will be anti-tank missiles waiting, you have to watch out for them especially. Celsius will move out in front to the edge of that clump of forest over there, then I shall push you past it."

Tanker slang is flourishing.

Even large ditches do not stop the tanks. They careen through the ditch bottoms one at a time and move to the edge of the attack zone ready for the assault. Zero hour is 1207.

Exactly at 1207 Keckman's tank company moves out, ten 580 kilowatt V-12 engines roar, and within a few minutes the road is in the possession of the yellow force tanks. They turn on the road, the capture has succeeded.

The Blues Debated about a Counterattack

The yellows have attempted an airborne operation to scatter the blue defense. The guard company that was defending the Hyvinkaa air field was alert, and the airborne troops who jumped out of the helicopters suffered heavy casualties. Already on Monday, however, the yellows managed to obtain a foothold on the airfield grounds, and the blues had a headache.

First the attack of the yellows had to be brought to a stop and then they themselves had to attack. If the exercise goes according to the plans of the top leaders, tomorrow, Tuesday, the blues will have prepared a numerically larger force for the counterattack. The yellow super power force will get to prepare for a defensive battle.

The blues are using the Finnish Pasi armored personnel carriers. The light infantry will probably make abundant use of them in the counterattack for the first time in such a large exercise.

50,000 Tubs of Yoghurt

Pea soup is not the only meal in the exercise but it is eaten. Before Tammi-86 is over on Wednesday evening 4,300 kilograms of peas will have been consumed. Five tons of butter, 34,000 liters of milk, 50,000 tubs of yoghurt and 18 tons of meat products will disappear into the soldiers, most likely with a good appetite.

The modern disposable packages are a problem for the army too. The forces have been given special instructions for destroying them, "so that a few landowners and mushroom hunters do not defeat a 12,000-man army." The exercise leadership gave assurances that the protection of nature was being looked after carefully.

12893
CSO: 3617/60

MINISTRY 5-YEAR PROGRAM EMPHASIZES GROUND FORCES MODERNIZING

Helsinki HELSINGIN SANOMAT in Finnish 21 Jan 86 p 6

[Unsigned news article: "Continued Preference for Ground Forces in Procurement"]

[Text] It is clear from the Defense Ministry's new five year plan that the emphasis in developing the defense forces is still on modernizing the ground forces. The ground forces' share of procurement in the years 1987-91 is 48 per cent.

According to the plan the number of refresher exercises will be increased and a 50 per cent increase in the pay for reservists participating in the exercises will be proposed. At present economic difficulties prevent about a third of those receiving orders from participating in the refresher exercises. It is reported from the Defense Ministry that in the procurement for the ground forces there will continue to be the renovation of infantry weapons, purchases of armored and other vehicles, renovation of the field artillery and purchases of logistical, engineering, communications and other equipment.

For maritime defense the purchase of a guided missile ship squadron is still current as is the modernization of the coast artillery. Anti-aircraft surveillance is being brought up to date and anti-aircraft defense is still being strengthened and new air defense equipment is being put into operation in its entirety.

According to the plan the personnel shortage has constituted one of the most difficult problems of the defense forces. The ministry anticipates at any rate the implementation of the third parliamentary defense committee's recommendations or an increase of 1,000 persons within five years. Of these 325 will be officer and staff officer positions.

There is also the wish to increase the number of recruits. According to the ministry there has been a lag of 29 per cent from the personnel recommendations of the parliamentary defense committee.

12893
CSO 3617/60

ARMED FORCES COMMANDER URGES LONGER CONSCRIPT SERVICE

Helsinki HELSINGIN SANOMAT in Finnish 27 Jan 86 p 11

[Unsigned news article: "Valtanen Wishes but Does Not Believe: The Term of Service for Conscripts Should Be Lengthened"]

[Text] In the opinion of the commander of the defense forces, General Jaakko Valtanen, the term of service for conscripts should be lengthened from the present eight or eleven months, because of future requirements. In the same breath, however, Valtanen considers that such a decision cannot be taken.

"The political and economic prerequisites are lacking at the moment," Valtanen said in an interview in the Sunday AAMULEHTI. It is not clear from this how long a period of military service Valtanen would want.

Valtanen noted that Finland had an extremely short period of service by European standards. For example, West Germany has decided to lengthen its own 15-month conscription service.

When the equipment becomes more technical eight months is really a tight period of training, Valtanen said.

Developments in Finland have made the period of service of conscripts a little longer even though the tour of duty itself has not been lengthened; more and more young people have simply gone into training that requires 11 months' service.

In 1984 7 per cent of the conscripts were trained to be officers, 25 per cent to be noncommissioned officers and 13 per cent for technical specialties. Thus nearly half of the age group performs the longer tour of duty or 11 months.

In the same interview Defense Minister Veikko Pihlajamaki indicates his belief that increasing the number of persons serving 11 months would relieve the current situation. In the opinion of the Defense Minister the training given in the Finnish defense forces is clearly more effective than that of many countries with longer training periods.

12893
CSO: 3617/60

SHIPOWNERS' ASSOCIATION CHIEF ON MERCHANT FLEET AND NATO

Oslo AFTENPOSTEN in Norwegian 4 Feb 86 p 42

[Article by Grete de Lange: "Shipowners' Association's David Vikoren Says Merchant Fleet Important for NATO"; first paragraph is AFTENPOSTEN introduction]

[Text] "We must not forget the enormous resource represented by our foreign-flag registered merchant fleet. The Norwegian-owned foreign-flag registered merchant fleet is larger than the merchant fleets of nine of the NATO countries. Our goal is to have agreed control over this fleet in case of war, a task which we hope to accomplish in cooperation with our NATO allies," said David Vikoren, administrative director of the Norwegian Shipowners' Association, in a speech Monday at the Oslo Military Society.

The title of the speech was "Norwegian Shipping in Readjustment; Is Our Preparedness Being Weakened?"

Vikoren said that during the last war the great Norwegian merchant fleet was said to have the same value as a million soldiers. The merchant fleet is therefore not only important for employment and the economy, it is also enormously important for preparedness. That is a factor which is being overlooked in the current political debate on the merchant marine.

Our Most Important NATO Contribution

"In a wartime situation it is the merchant fleet which will be our most important NATO contribution. Cutting our merchant fleet under the Norwegian flag in half has consequences for our preparedness, especially if the negative tendency continues. Therefore it is an important national duty to see that this tendency is broken.

Norway has perhaps the world's foremost shipping expertise. If Norwegian authorities will change the framework of conditions for operation under the Norwegian flag, the Norwegian-registered fleet will grow again--perhaps double in a short time. That would be an inexpensive way to strengthen the preparedness of NATO and Norway, said Vikoren. He emphasized that the shipping industry did not want government subsidies. Shipowners do not want any grant from the defense budget or other state budgets.

The path followed by the United States and others is frightening. The way to go is with untraditional solutions which will reduce the costs of operating under the Norwegian flag, as recommended by the operating plan of the Shipowners' Association.

Vikoren emphasized that the Shipowners' Association has been working for a long time with a solution which can ensure that Norwegian-owned tonnage under foreign flags will operate for the alliance in case of war.

He especially emphasized that the solution must be found in cooperation with our allies. Norwegian shipowners today own ships registered in 32 countries, but most of them are in Panama and Liberia. It is important for the industry that a cooperative solution provides the necessary guarantees for war insurance and allied military protection for ships and crews.

The legal conditions must be clarified, and satisfactory agreements must be reached with the countries of registration. The agreed conditions with the Norwegian owners concerned must be based on voluntary participation. There is every reason to believe that the voluntary participation will be very large.

Operating responsibility in crisis and war must be clarified as soon as possible. According to Vikoren there is good reason to make an arrangement under the NATO readiness organization, in which Nortraship takes the operating responsibility in close cooperation with Norwegian shipowners and operators. He emphasized that the United States is the allied country which has gone the farthest to solve the problem of crisis control of the tonnage which is controlled by American owners under the flags of other countries.

9287
CSO: 3639/74

KONGSBERG VAPENFABRIKK TO INSTALL HAWK MISSILE BATTERIES

Krupp Gets Largest Share

Oslo AFTENPOSTEN in Norwegian 15 Jan 86 p 20

[Article by Liv Hegna]

[Text] Norwegian design influence will characterize the Hawk batteries coming to Norway. Kongsberg Vapenfabrikk will install the cables and adapt the German homing equipment to the Hawk antiaircraft missile system. Krupp Atlas Elektronik will supply the homing equipment. The same German company will also deliver the sonar equipment for the modernized Kobben-(Seal-) class submarines and for the Ula-class submarines which will be delivered to Norway in the years ahead.

Kongsberg Vapenfabrikk's involvement with the Hawk batteries is relatively minor, according to information given to AFTENPOSTEN by company representatives. The big contract was made between the (Norwegian) Defense Department and Krupp Atlas Elektronik. The contract for the homing equipment for the antiaircraft missile system is worth roughly 100 million kroner. The optical equipment in the homing system has been subcontracted to the Hughes Aircraft Corporation, in the United States.

The Hawk batteries will significantly improve the antiaircraft capacities of the airfields at which the system is deployed. The system has an outstanding altitude ceiling of 40,000 feet, and its long effective range makes remote delivery of weapons against airfields difficult. Conditions in Norway are such that we cannot always avail ourselves of the Hawk's long range, because of terrain barriers surrounding some of our airfields. There has been talk of replacing the Nike batteries which are deployed at four airfields in Ostlandet with Hawk missiles.

New Facilities in Bodo

Oslo AFTENPOSTEN in Norwegian 17 Jan 86 p 4

[Text] The deployment of the Hawk missile system at Bodo Air Station will involve the construction of new workshops and other buildings in Bodo. Some of them are already under construction, and this spring will see an expansion of the western portions of the air station, where more parking space and runways are necessary. This expansion is part of the NATO Infrastructure program, according to the commander of the Bodo Air Station, Colonel Per Utgard.

8954/12624
CSO: 3639/64

BRIEFS

AIRFIELDS RESERVED FOR F-16--"We have earmarked three short-runway airfields for use by the F-16s: Leknes, Skagen/Stokmarknes and Bronnoysund, but there could be more," said Bodo Air Station commander, Colonel Per Utgard at a press conference on Wednesday. "We have undertaken some improvements of these airfields. We are making sure that the fuel supply capacity is adequate and mounting brake wires on the runways in case the braking parachutes on the F-16s should malfunction, something which fortunately happens very seldom. [Text] [Oslo AFTENPOSTEN in Norwegian 17 Jan 86 p 15] 8954/12624

CSO: 3639/64

MILITARY SWEDEN

CURRENT STATE OF GOTLAND HOME GUARD REPORTED

Stockholm ARMENYTT in Swedish No 6, 1985 pp 30-31

[Article by Maj Bengt Ahrnfelt: "Gotland Home Guard"]

> [Text] Today there are on the island thirty Home Guard areas divided into four districts with a total of about 2,500 Home Guard men and women. The figure for membership must be considered good. It means that every twentieth Gotlander belongs to the Home Guard. The following article gives an account of the Gotland Home Guard.

On a thoroughfare after an exercise many years ago, one of the Gotland unit commanders said, "On our island we have the advantage of fighting with the sea at our backs -- no room for delaying tactics or defense in depth -- attack leads only to combat." What he wanted to point out above all was naturally the source of strength that comes from insight into the necessity of rapid action and initiative. No time for hesitation, no time to waste. The enemy must be met the moment he touches Gotland soil and hit wherever he appears on the island.

The awareness of this, together with the love the Gotland population has for its home island, is clearly an excellent basis for an organization such as the Home Guard, and among those who vie for the honor of having started the Swedish Home Guard movement there are included inhabitants of Gotland. In a war we must win the "first round," otherwise the war is lost. This is the spirit in which the Home Guard on Gotland must work.

New Military Assignments

Belonging to an organization that is always on a war footing with preparation 365 days a year throughout all hours of the day is something that suits the Gotlander. Having at the same time to do one's work in the fields and pastures and to be ready for an incident on the beach or at sea gives a realistic background to a meaningful and vital activity. In the relatively sparsely populated Gotland landscape, one also easily notices our strange, new features.

Newfangled ideas such as incident groups and Home Guard with naval assignments seem completely natural. In cooperation with both the Voluntary Command Training Unit and the Sea Defense Corps, the Home Guard has now taken over responsibility for starting a coastal radar reconnaissance station. The work will be equivalent to that done by several naval units. Clever people, who live on the spot, have been selected for this purpose and given the necessary training to accomplish these new and interesting assignments.

Major Sven Hedengran, who was well known in his time -- a small, legendary company and battalion commander of old I 18, with combat experience in Finland -- spoke as early as the 1940s with enthusiasm on how one should set up the simplest and cheapest grenade throwers on Gotland farms. They should be installed ahead of time and pointed toward possible targets. Then the farmer on his farm would only have to put grenades down the barrel when the enemy was at the predicted places. We have not gotten so far yet, but today the first Gotland -- and with it the first Swedish -- Home Guard artillery battery is about to be installed with four 10.5 cm howitzers m/40. The battery is to be manned by the Home Guard. Its fire will cover an important part of southern Gotland. They hope to participate in Gotland's artillery regiment's final maneuvers in March of next year. In connection with the installation of this battery, other ballistic idear have been discussed. The need for trained fire observers among the Home Guard personnel will require training in this area.

The Significance of the Home Guard for the Defense of Gotland

On an island where most of the military personnel at mobilization will come from the mainland, the Home Guard has the obvious task in the initial stages of readying and attending to the string of defensive weapons that lie along the shore. Add to this all the harbors that must either be defended or prepared for destruction, as well as those that must be supplied with provisions, personnel, and other things in expectation of the arrival of the mainlanders, and the decisive significance of the Home Guard stands out quite clearly for initial defense capability. The Home Guard must also be prepared to function before the mainlanders arrive, which in some cases may be a long time. At worst this may mean that the Home Guard will have to replace the regular units in some places.

A large, difficult problem is the need for the completion of fieldwork in peacetime. In Gotland the countryside is often rocky, and where the earth stratum is covered, it is usually thin. In this period of a tight economy there is no room for extensive operations unless one uses imagination and invention. Simple and rather cheap concrete pipes, for example, can be buried around an object to give reasonable protection.

Cooperation

Gotland is a small island with a limited population but with an excellent will among the people to defend themselves. Both the Home Guard and the majority of the various voluntary organizations are represented, and each carries on its share of lively activity. This means that cooperation is absolutely necessary. We cannot afford to come into conflict. Cooperation is handled in the Voluntary Organizations' Cooperative Committee (POS), and it works well. We help each other. A certain healthy competition is of value, but always with complete respect for one another.

Finally, I would like to point to the Gotlander's inherent interest in shooting. Hunting seabirds, hares, wild rabbits, and foxes is something every boy does. This also means that he practices shooting and to a great extent participates in shooting events. This is reflected in the good results on the part of the participating Gotland team at the national Home Guard competitions through the years.

The danger of war has always been a reality for the Gotlanders. Their will to defend themselves is strong. The new guidelines of the national commander of the Home Guard have had a very positive reception. They have even been welcomed as cheerful and stimulating. Now we have gotten something we can bite into! The weapon is loaded.

9124
CSO: 3650/128

KNOOPS ON EXPORT GROWTH, STRATEGY

Brussels LE SOIR in French 27 Dec 85 p 2

[Text] A paradox, Belgian-style? Our exports continue to increase while our balance of trade has registered a deficit for the past 12 years.

Foreign trade, and particularly exports, were one of the priorities classified by the Martens V government under the master heading of competitiveness. Today, these are once again an issue, addressed by the Martens VI administration, under the direction of Herman De Croo and Etienne Knoops, minister and secretary of state of foreign trade, respectively.

According to Etienne Knoops, the evolution of our foreign trade in figures has been "more favorable" for the past two years. The balance of trade, which has registered a deficit every year since 1973, is showing some improvement: it shrank from 260 billion Belgian francs in 1972 to 169.5 billion in 1983 and now stands at BF 119 billion for the first eight months of 1985 vs. BF 156 billion for the same period last year.

When asked to explain the reasons for this slight "improvement," the new secretary of state responded: reduction of purchases from abroad due to a slowdown of the world economy but especially as a result the policy of economic recovery pursued by the previous administration "which re-established the competitive position of our enterprises relative to their foreign competitors." In other words, Belgium is selling more abroad. Our share of exports in the world market has risen from 10.8 percent in 1983 to 12.7 percent last year.

Although this situation is favorable at present, two questions arise: First, will this export boom continue? Second, are we exporting the "right" goods to the "right" countries--those with strong, stable markets? Two studies published by two banks, Paribas and the Societe Generale de Banque, attempt to provide answers to these questions.

According to Paribas, which examined the outlook for the Belgian economy in 1986, the competitive edge which enabled us to checkmate some of our competitors on foreign markets gradually diminished during 1985. "Toward the end of the year, we will gradually move to a level of equality with our main trading partners." Does this mean an end to the boom? Paribas, at least, is expecting an increase in volume of approximately 4 percent in 1985 but only

3 percent in 1986. This performance will not be adequate to propel us rapidly into a balance of trade surplus situation. "For 1986, a 50 percent reduction in the trade deficit would be considered to be a commendable performance."

So much for the rather disappointing outlook.... It remains to be seen whether the improvements recorded reflected a move in the right direction. The Generale de Banque addresses this question in its report. Although Belgium's market share (in value) within the OECD (that is, the industrial nations) has deteriorated, it is not because of poor geographic diversification or excessive goegraphic concentration of our exports. The good news is that, apparently, our exporters did not miss the poles of world development. In other words, our shares of the market increased in rapidly growing markets, in large part in Southeast Asia. The only problem reported: although the destination points for sales of our products evolved in the right direction, they did not evolve rapidly enough.

So much for the markets. What of the products? The same remarks apply. We are selling strong products featured among 25 products selected as being the best products of the year, the most in demand; 16 of these posted an increased share of the Belgian export market. However, once again, Belgium errs on the side of excessive...slowness: the rate of adaptation (for example, in the adoption of a fashionable product or rejection of an obsolete product) is too slow.

The conclusions reached by Generale, like Paribas, provide a warning on the export scene. Despite the high marks awarded to our foreign trade by various parties, both banking institutions believe that in fact a slowdown of exports is linked to the competitiveness problem, a problem that Generale, in particular, defines in a broad sense: attention not only to the prices but also to the quality of products and to our commercially dynamic exporters.

Does the new secretary of state of foreign trade agree with this view? Not quite, but almost.... According to E. Knoops, the quality of Belgian products is considered to be excellent but "it is necessary to ensure that Belgium is no longer perceived abroad as a country which exclusively sells artichokes and iron." According to him, the only factor which has tarnished this Belgian image lies in a service-related problem. For example, it seems that Belgium's main customer, the FRG, has complained of a certain lack of concern demonstrated by Belgian companies in meeting delivery dates.

Mr. Knoops's battle plan is organized into five parts: regaining a competitive edge, emphasis on small and medium enterprises, establishment of an internal European market, development of new Belgian products, consistency with the development program.

In theory, this should help us stay on the right foreign trade course. The statistics for the coming months should indicate whether this is enough. Because, if the experts are to be believed, the key word is speed. And speed is mostly a question of personality.

12798/12790
CSO: 3619/18

ECONOMY EXPERIENCES CONTINUING EMPLOYMENT GROWTH

Significant 1985 Increase Reported

Copenhagen BERLINGSKE TIDENDE in Danish 11 Dec 85 Sec 3 p 6

[Article by Vøgg Løwe Nielsen and Kristian Hjulsager]

> [Text] The growth which began in the Danish economy in mid-1983 has continued with considerable strength throughout 1985]

According to the present economic activity indicators, the level of activity will also be high in 1986.

Throughout 1985 there has been a very favorable employment trend. From the third quarter of 1984 to the third quarter of 1985, there has been an employment growth equivalent to approximately 67,000 full-time jobs.

Compared to the third quarter of 1983, the 2-year period up to the third quarter of 1985 has seen an employment growth equivalent to approximately 114,000 full-time jobs.

Index Figures

The above figures appear from the quarterly employment statistics of the Department of Statistics. The statistics, explained in detail in the following article, comprise wage and salary earners only.

If the figures published by the Department of Statistics are converted into index figures on the basis of an annual average in 1983 of 100 (see graph), the figure for the third quarter of 1984 will be 102.4, equivalent to a growth rate in the employment level of 2.4 percent. For the third quarter of 1984, the index figure will be 106, which is an increase of 6 percent over the rate of employment in 1983.

Industry

The level of employment within the industrial sector, computed on a monthly basis, shows continued growth.

As will appear from the table showing the main figures for the labor market, at the end of September 1985, the industrial sector employed nearly 278,000 wage earners and 117,000 salary earners, which is equivalent to a growth rate of 7-8 percent over the employment rate at the end of September 1984. There has been a growth in the employment rate within largely all branches of the industrial sector, but the growth has been largest within industries producing investment goods.

At the end of September 1985, the industrial sector employed a total of 394,600 wage and salary earners, which is an increase by well over 27,000 over September 1984.

Building and Construction Sector

There has been quite a good rate of increase in the level of activity within the building and construction sector throughout 1985.

There has been an increase in the rate of employment within the areas of new building, repair and construction activities.

The number of workers and contractors within the total building and construction sector in the middle of the third quarter amounted to nearly 125,000 persons, which is an increase of upwards of 5,500 over the same point of time in 1984.

In absolute figures, the rate of employment within the total building and construction sector took a largely parallel course from 1983 to 1984 and from 1984 to 1985. However, if the employment is divided into the main groups new building activity, repair activity and construction activity, the trend within the present year was different from that throughout 1984.

The rate of employment within the branch of new building activity showed an increase of approximately 9,000 persons from 1983 to 1984, whereas the increase this year amounted to approximately 3,000. On the other hand, 1985 showed an increase in the rate of employment within the branch of repair activities, whereas the period from 1983 to 1984 saw a declining rate of employment in repair activities.

On the basis of the statistics in the middle of the third quarter, the construction sector has had a largely steady rate of employment of 25.500 persons during the last 2 years.

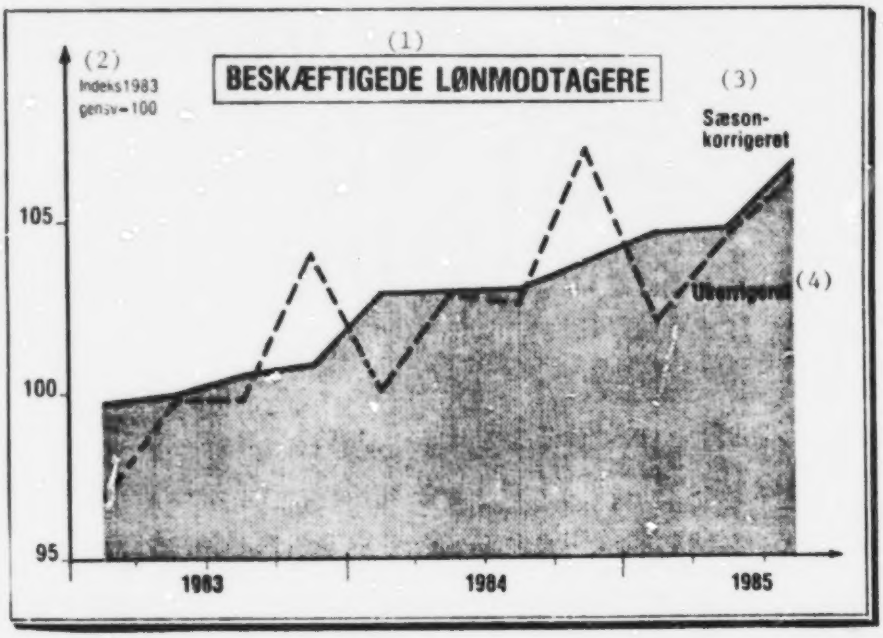
As a result of the employment trend within the building trades, the unemployment rate was practically reduced by 50 percent during the 12-month period from October 1984 till October 1985.

Unemployment Rate

The seasonally adjusted unemployment rate has been declining since the month of February.

As will appear from the graph below, the drop in the unemployment rate continues to be largest among men.

With the continued economic growth expected throughout 1985, a further reduction of the unemployment rate may be expected, despite the economic policy adjustments.



According to the ATP [General Supplementary Pension System] statistics, the seasonally adjusted number of wage and salary earners reached new record-high levels in the third quarter of 1985 and continues to show signs of increase.

Key:

1. Employed wage and salary earners
2. Index 1983
   Average = 100
3. Seasonally adjusted
4. Unadjusted

Statistics Show Unemployment Stable

Copenhagen BERLINGSKE TIDENDE in Danish 11 Dec 85 Sec 3 p 6

[Text] In the spring of 1984, a number of indicators showed a sharp increase in the employment rate, while the unemployment rate remained largely unchanged.

Is such a state of affairs possible? Or were some of the figures wrong, and, if so, which?

The answer is, first and foremost, that it is quite possible for the rate of employment to increase without a simultaneous decrease in the unemployment rate. In addition, some of the indicators may be imprecise, especially with regard to the exact timing of changes.

In the following, this will be discussed in greater detail, and the principal sources of the Danish employment statistics will be given.

Of Denmark's 5.1 million inhabitants, 3.8 million were between the ages of 15 and 74 in the spring of 1984, and 2.7 million or 71 percent of these made up the laborforce, according to the laborforce study by the Department of Statistics.

Persons included in the laborforce are those who, during the week in which the census was taken, had at least 1 hour of paid work, and those who were temporarily not at work during the week in question on account of vacation, illness, unemployment (with daily unemployment benefits or welfare payments) or the like. Persons not included in the laborforce are especially children, persons in the process of education, homeworkers and pensioners.

Jobless

Out of the laborforce of 2.7 million persons in the spring of 1984, 231,000 were without jobs during the entire week when the census was taken and nearly 2.5 million persons were employed. In the late seventies and early eighties, the net increase in the laborforce averaged 20-30,000 persons annually, but during the first 6 months of 1984, the increase reached a level of approximately 50,000 on an annual basis.

At the time, the basis had thus been created for an employment growth of 50,000 without any decline in the unemployment figure.

In addition to the laborforce study based on sample surveys, the Department of Statistics publishes total statistics on the labor market relationship of the population: the register-based labor force statistics, prepared on the basis of excerpts from administrative registers, including, among other things, the register of the tax authorities on annual statements of information from employers.

The publication of the general statistics will necessarily occur somewhat later than the point of time when the census is taken. There is therefore a need for indicators regarding employment trends.

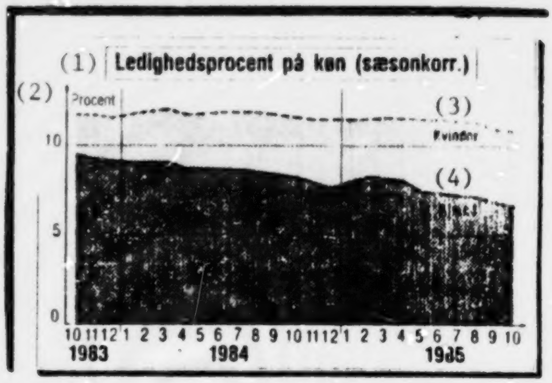
In addition to the unemployment statistics based on the Central Labor Market Register, the most important indicators are the sector statistics for the industrial sector and the building and construction sector as well as the employment statistics of the General Supplementary Pension System.

Both the sector statistics and the General Supplementary Pension System statistics give statistics based on information provided by employers and do not contain any information on individual employees.

While the sector statistics are based on random sampling and do not include the smallest enterprises, the General Supplementary Pension System statistics cover, in principle, all wage and salary earners (but thus not the self-employed and their assisting spouses).

The General Supplementary Pension System statistics are based on the amounts submitted to the General Supplementary Pension System by employers at the end of a quarter. The statistics on individual employees of the General Supplementary Pension System are computed on the basis of information received from employers after the end of a calendar year. Since no contributions are paid for persons with less than 10 hours of work per week, and only one-third for 10-19 hours, two-thirds for 20-29 hours and full contribution for 30 hours or more, the statistics will indicate the number of persons who would be needed on a full-time basis if all of the part-time work were converted into full-time work.

The figures should therefore be viewed with caution, like the figures for the spring of 1984, seeing that changes may be due to other things than actual changes in the employment rate. Most recently, the labor market conflict in the spring of 1985 meant lower contributions to the General Supplementary Pension System, equivalent to a number of full-time employees of, perhaps, 15-20,000 during the second quarter of 1985.



The unemployment rate for women (seasonally adjusted) began to decline slightly as of the summer of 1985. The unemployment rate for men, however, has been declining for several years, except for the first couple of months of 1985.

Key:
1. Unemployment percentage based on sex (seasonally adjusted)
2. Percent
3. Women
4. Men

Outlook Good for 1986

Copenhagen BERLINGSKE TIDENDE in Danish 13 Dec 85 Sec 3 p 9

[Article by Henrik Skov: "Federation of Danish Industries: Rate of Employment Increasing in 1986"]

> [Text] According to the Federation of Danish Industries, the Independent Economic Advisory Council takes a far too gloomy view of the employment trends in this country. Contrary to the Independent Economic Advisory Council, the Federation of Danish Industries expects an increase in the rate of employment of 15,000 next year.

Contrary to the Independent Economic Advisory Council, the Federation of Danish Industries expects a declining rate of unemployment in 1986. The Federation of Danish Industries expects the unemployment rate to drop by approximately 15,000 from 1985 to 1986, as a result of which the average unemployment rate in 1986 will be 235,000.

The Federation of Danish Industries thus takes a considerably more optimistic view of the employment developments than the Independent Economic Advisory Council, which expects the number of unemployed next year to increase by approximately 20,000.

The prognosis made by the Federation of Danish Industries takes into account the economic policy adjustments agreed upon between the government and the Radical Liberal Party.

"In their computations in setting up their model, the Independent Economic Advisory Council has not taken into account that restraints within the public building sector provide scope for considerable expansions within the private sector," the architect of the prognosis of the Federation of Danish Industries, Verner Puggaard, chief economist, tells BERLINGSKE TIDENDE.

"The declining dollar rate has already given an improvement in the terms of trade of 2 percent, equivalent to a favorable balance of payments effect of 3 billion kroner. This is one of the reasons why we expect the balance of payments deficit next year to be of the order of 15 billion kroner," says Verner Puggaard. He expects the deficit in 1985 to amount to approximately 23 billion kroner--exactly what the economists of the Central Bank had feared earlier in the year.

Industrial exports next year, which the Federation of Danish Industries expects to grow by 7-8 percent in volume as against an increase of 5 percent in 1985, contribute to bringing about the improvement in the balance of payments situation.

The Federation of Danish Industries, furthermore, expects the increase in investments to continue next year. Industrial investments are expected to increase by 15 percent from 1985 to 1986, and, according to Verner Puggaard, investments within the industrial sector have been of such a magnitude that industrial investments in 1986 will be approximately twice as large as in 1983. As a result of the larger investments, the rate of employment within the industrial sector will in 1986 be more than 40,000 higher than the 1983 level.

The Federation of Danish Industries expects the increase in consumer prices to amount to 2.5 percent next year. Should this prognosis prove to be correct, it will be the lowest rate of inflation recorded in the last 25 years.

It is quite well possible that the 15 billion kroner balance of payments deficit projected by the Federation of the Danish Industries for 1986 may be on the large side. Developments in the dollar rate of exchange and in the international oil market remain an unpredictable and decisive factor. In its prognosis, the Federation of Danish Industries expects a somewhat unchanged oil price in terms of dollars throughout 1986.

Employment and Unemployment 1982-86

	1982	1983	1984	1985	1986
			1000		
Labor force	2684	2706	2757	2770	2785
Number of employed	2421	2423	2481	2520	2550
Private sector[1]	1675	1670	1727	1760	1785
Public sector[2]	746	753	754	760	765
Unemployment	263	283	276	250	235

1) Including the Danish State Railways, the Postal and Telecommunications Services as well as Public Works.

2) Not including the Danish State Railways, the Postal and Telecommunications Services and Public Works.

7262
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DIRECTOR OF GRONLANDS HANDEL VOWS NEW OPERATING BASIS

Copenhagen BERLINGSKE TIDENDE in Danish 5 Feb 86 Sect III p 28

[Article by Erik Bendt Rasmussen: "New Grønlands Handel [Greenland Trading Company] Will Yield Profit"]

[Text] After having existed on government subsidies, Grønlands Handel, which has been transferred to the Home Rule Government, will now be commercial and profitable. "We are not morally obligated to trade in Denmark," says Henrik Hjerl, the new director of Grønlands Handel. The possibilities are to be studied for alternative buying.

The new Grønlands Handel company will, after separation from the Danish State on 1 January of this year, be made into a commercial, profitable company. This is the Home Rule Government's goal. Responsibility has been transferred to the newly hired administrative director, Henrik Hjerl, 36 years old, heading 3500 employees in Greenland and Denmark.

The former Kongelige Grønlandske Handel [Royal Greenland Trade Board], which has been transferred to the Home Rule Government, of course established strong trade ties with Danish firms from the year of its founding in 1774. But after the Home Rule Government replaced the royal crown and coat of arms with a logo consisting of a red four-pointed pole star with two blue crossed harpoons, and the Home Rule Government took over the big trading company, Grønlands Handel has no moral obligations to buy in South Denmark.

Grønlands Handel Has Profit

"For this reason it is incumbent upon us to study the possibilities of purchasing alternative products, but our old trade ties can certainly count on continued cooperation. Grønlaenderhavnen [Greenlanders Port] in Aalborg is still the port of disembarkation for our fleet. The merchandise, when it arrives in Greenland, must be distributed to 50,000 people at up to 80 locations. Many times it is in small lots, because the population figure is equivalent to that of a large Danish provincial town, so it is far from every firm which wants to supply us," Director Henrik Hjerl says. At the same time as the Home Rule Government took over Grønlands Handel, which is called Kalaallit Nuerfiat in the mother tongue, the deficit-producing production operation was separated into a new company, Pro-Ex. So now Grønlands Handel has a profit of just under 60 million kroner.

The deficit in the production operation was due to many factors; for example, to failing cod catches; the boycott of seal skins, because Brigitte Bardot could attract greater attention than the seal hunters' cries of distress; difficulties in selling salted and dried fish products; and falling shrimp prices.

"Whereas the old Royal Greenland Trade Board received subsidies from the Danish State to cover the production operation's losses, we do not need subsidies. With separation from production, we are yielding a profit, which is to be invested in better service and in addition will help to moderate prices. There will also be a question of a price drop, which we will cover with the profit. This is a reasonable way to use part of the profits, because this practice will have an inflation-moderating effect," Henrik Hjerl says, who does not have a domicile in Copenhagen, as the former director did.

The administrative director moved into one of the trade firm's buildings in Godthaab, but flies several times a month to Copenhagen, where the administration department, economics department, personnel department, data processing department, supply operation, and the Greenland Postal Service still are, with the transportation operation still in Aalborg.

Severe Winters and Harsh Conditions

"The longterm plan is to move the entire Grønlands Handel home, but this cannot take place here and now. So many functions and coworkers cannot be moved on short notice because of problems in Greenland with getting new buildings for the administration and housing. All employees know this, and all who are newly hired are made aware of the fact that a time will come when they are offered to move to Greenland. The future will show to what extent Grønlands Handel establishes representation in Denmark," Henrik Hjerl says.

Henrik Hjerl came on 1 January from the Convest Consult consulting firm, which works for the retail trade. Henrik Hjerl has formerly been in the Industry Council and Foreign Affairs Ministry with international trade as his main area.

Henrik Hjerl does not want to directly compare Grønlands Handel with the internationally famous Hudson Bay Company of Canada, but there is somewhat of a similarity.

The climate produces harsh conditions and severe winters last long into the year and inconvenience daily life and functions for people, transportation and business. It is rough conditions which both companies must combat and create a profit from.

One of the impending duties for Henrik Hjerl will be to plan further education of Grønlands Handel's leaders, because the company is no longer a protected

State concern. It is necessary to go out into the free market and buy, as do all other trading firms.

In 1985 Grønlands Handel had a scant three billion kroner in sales, and the supply division alone had two billion kroner in sales. The supply and transportation division, working together, must see to it that merchandise reaches the smallest localities.

Here every summer it is necessary to buy for over a half year in advance, because, largely speaking, the winter excludes further supplies of goods thenceforth until close to the next summer. It is necessary to think of everything, from yeast and adhesive bandages to warm underwear and cartridges. Also, purchases of eggs. They can last a very long time, because the store manager at the trading station turns the egges every 14 days--but Director Henrik Hjerl answers for this.

The former Royal Greenland Trade Board had a limitation to development in the retail trade. This was due to the fact that Danish governments thought that the private sector should expand. So the Royal Greenland Trade Board had to hold back. But no longer. Grønlands Handel intends to expand with new stores.

"I think that it is a big challenge to become director of Grønlands Handel. This is not mere words on my part, because there really is a basis for them. It is fantastically exciting to take part in converting this firm from State operation. And the Greenlanders feel that it is their firm. Thereby we have a solidarity situation. It turns out in practice that not a single person in Greenland can avoid coming into daily contact or communication with Grønlands Handel. It is also we who have always seen to it that the price level was held down. For example, there are uniform prices everywhere. The price of a kilogram of sugar is the same in Godthaab and at a trading post, although it is much more expensive to transport merchandise over longer distances," Henrik Hjerl says.

8831
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SOCIALIST ECONOMIC LEGACY REVIEWED

Paris LE FIGARO MAGAZINE in France 4 Jan 86 pp 106-107

[Article by Philippe Vasseur]

[Text] After them, the deluge! The proof that the Socialists have already lost the legislative elections lies in the fact that they are doing their best to postpone every possible problem until after March 1986.

They even seem to be taking a perverse pleasure in presenting a misleading record which conceals the deadly traps they have set for their successors.

Left ignored, the economic time bombs that will explode next year may cause irreparable damage for the next legislature. It is therefore necessary to locate these bombs and their targets in order to defuse them.

This task is a preliminary to a government program designed to spur France's economic recovery.

How to guard against the explosions planned by the Socialists? There is one defense. As soon as the new National Assembly is elected, it must immediately prepare a report on France's economic condition to reveal the traps that have been set in its path.

This "state of the nation," this inventory of the legacy should be prepared, argued and adopted by the Parliament.

In order to sidestep the bombs, the terrain must be marked out. It is up to the elected representatives to post signs in the right places: "Warning, danger, firetrap!"

Budget: A Misleading Deficit

With a deficit that has grown continuously since 1981, the state of the nation's finances has deteriorated. But the Left will soon leave behind a situation which is even worse than the situation it insists on officially depicting, using window-dressing techniques that have been denounced by the Accounting Office.

For example, "debudgetization" has become a common practice. How does one make already significant deficit appear smaller? There is a simple way if one gives the question some thought. And if one dares. One takes an expenditure posted in the government budget and transfers it elsewhere: to Social Security, to the local municipalities or to the separate PTT [Postan and Telecommunications Bureau] budget. It doesn't matter where. What is important is that this sleight of hand excapes the notice of the taxpayer, who will pay in the final analysis but who must be tricked into perceiving that the government is not sinking deeper into "the hole."

If the composition of the budget had remained the same as in 1981, the deficit projected for 1986 would exceed the maximum established by financial law by Fr50 billion! And, during the past years, the government has already proven its inability to respect its own budget projections.

For 1986, the surprises are likely to prove particularly unpleasant, since certain expenditures were deliberately underestimated or calculated in an "optimistic" manner. This is true for the public debt service expenditure. And for government employee salaries: their one pay review (scheduled for February, coincidentally) is insufficient to allow their purchasing power to keep pace with inflation. It is one way among so many others to stir up discontent in advance so as to hinder the future government.

This budgetary time bomb was set by the Socialists for a dual purpose: to brake the advances of proponents of reduction of a deficit that is in fact more serious than it is reported to be and to immediately restrict any possibility of tax cuts--two of the opposition's stated priorities.

Social Security: An Underestimated "Hole"

A similar trap has been set for Social Security which has posted a far from commendable performance this year. Some budget items (particularly in the area of hospitals) were postponed, so that expenses scheduled for 1985 will be carried over into 1986.

The deficit officially projected for next year was greatly underestimated following an ascerbic discussion between Pierre Beregovoy and Georgina Dufoix. The main concern of the Minister of Economy and Finance was to show an advantageous budgetary performance on the eve of the elections, while his counterpart at the Ministry of Social Affairs fears justified accusations of tampering with the figures. The former won the battle and obtained that the "outlook" reported was three times less than the Fr30 billion anticipated by the experts, mainly because of the imbalance in the "old age branch" which is supporting the effects of the lowered retirement age.

Once the elections are over, the new government will have to deal with the most urgent issues before it can make more fundamental changes. The purpose of the current move is to conceal liabilities which at worst may force the future leaders to once again resort to a "special increase" to fill the gap. This is an added difficulty which may delay reductions in compulsory withholding (income and payroll taxes) which even now represent an excessive burden as a percentage of national production.

Public Debt: Still Growing

An aggravating situation: the deficit created by public debt forces those who incur this debt to borrow. Government borrowing on the domestic market thus reached Fr100 billion in 1985. The side effects of this debt were sustained high interest rates and the appropriation of funds that could have been allocated for business. Both effects penalize investment and are therefore detrimental to economic activity.

Public debt service is taking a growing share of the government budget. Prior to the Socialist rise to power, it represented less than 5 percent of normal expenditures.

Interest on the public debt will cost approximately Fr100 billion in 1985. In other words, for every Fr100 of taxes (of any kind) paid to the government, Fr10 go directly to debt service. This is the result of excessive spending on credit.

But the Left can be blamed for something even worse. In 1983, it floated a renewable Treasury bond issue with interest payable when the bonds reached maturity...6 years after their date of issue, that is, beginning in 1989. This is just another way to make others pay for their costly errors.

Foreign Debt: More and More

And the above deals only with debt incurred by the government itself. Unfortunately, the administration has also encouraged publicly owned enterprises to borrow abroad from foreign lenders, with government backing.

Since the Left came into power, France's foreign debt has grown continuously. It stood at $26.9 billion at the beginning of 1981. By the end of 1983, it had reached $53.7 billion.

"It must be recognized that France has reached the limits of its ability to borrow if it does not want to find itself in a situation that will simultaneously compromise its standard of living at home and its margin for maneuvering, its independence abroad," admitted Jacques Delors on 20 October 1983 before the National Assembly.

But the practice did not cease. The sideslipping continued and by the end of the third quarter of 1985, foreign debt reached $59.7 billion.

Emboldened by the healthy conditions that greeted them upon their arrival to power, the Socialists borrowed indiscriminately. Before their time, we lent more money abroad than we borrowed. Today, the situation has been reversed: we owe far more than we are owed. Before their time, our gold and hard currency reserves were substantially greater than our debts. Now, the opposite is true.

The most alarming part is not the size of our foreign debt--this by itself could be considered to be bearable--but it is the very short time in which it ballooned. Because as a function of this brief time, reimbursement of principal and payment of interest are concentrated over a short period. The installments are therefore more difficult to meet.

The annual debt service on foreign borrowing will reach nearly Fr100 billion. In order to acquire like amounts of hard currency, we would have to sell far more abroad than we purchase. We are unfortunately far from achieving this state. Our foreign trade deficit still hovered around Fr20 billion in 1985 while the government had projected a surplus of Fr3 billion. The restrictions and fees that burden French businesses make them less competitive. We therefore continue to sideslip.

The public debt and the foreign debt are two more formidable time bombs that the Left will leave for its successors--more obstacles in the path of recovery.

Currency: A Poisoned Apple

The foreign debt handicap is likely to be further exacerbated if the franc weakens since most of the loans--and therefore most of the reimbursements--are denominated in hard currency.

Although our currency is performing relatively well at this time --and the high interest rates paid on captial are a contributing factor--the question of its value within the EMS (European Monetary System) remains unanswered.

Indeed, since the last devaluation of the franc in March 1983, the cumulative inflation spread between our nation and its principal economic partner, West Germany, has reached 13 points. This type of disparity cannot continue indefinitely without certain consequences. But in its attempt to sidestep the disastrous effects of a fourth devaluation by the Legislature, the Socialists are trying to hold off until March 1986--digging into the reserves if need be--and to leave this poisoned apple for their successors.

And the rate of inflation in France remains at twice the rate prevailing in Germany. The reports of good performance should not obscure this fact.

Inflation: The Broken Down Motor

It is the slowdown of world economic growth, the decline of the dollar, lower prices for oil and raw materials that make France's performance in terms of prices seem relatively good. However, in the other major industrial nations, disinflation occurred in an environment of economic freedom; in France, conversely, prices continue to be controlled and fixed, even though "liberalization" has been introduced at the industrial stage.

One more time bomb: lost time to be caught up. Since prices are artificially held down by the government, they are compressed like a spring which must uncoil some day.

Paradox: Although it needed to implement a policy of austerity to avoid disaster, the left did exactly the opposite of what it promised, conceding to deindexing of wages, thus eroding household purchasing power two years in a row (1983 and 1984).

This was the cost for the slowdown in price increases. However, this brake on domestic demand, following the crazy "recovery through consumption" of the years 1981-1982, did not adequately rebuild foreign trade. This is a patent failure and a serious concern for the future. One more bomb that will need to be defused.

In addition, this brutal turn of the screw struck a blow to economic activity. Before 1981, France's growth ranked second (after Japan) among the major industrial nations; it is now in last place. Because of the Socialists, we have been left in the dust in terms of expansion. A sorry legacy.

Employment: A Large Mass of Unemployed

Because of this slow growth, jobs disappeared by the hundreds of thousands. Under the previous administration, the number of workers of "Enterprise France" grew by nearly 400,000. Under the leadership of the Left, more than 600,000 jobs were lost. Today, there are fewer jobs in France than there were in 1981, and even 1974.

Unemployment has therefore skyrocketed, despite the false promises made by Francois Mitterand during his presidential campaign and in spite of the window dressing used to minimize the number of job seekers on the official unemployment statistics.

Today, there are 2.5 million reported unemployed and an additional 500,000 individuals temporarily classified as "surplus employees" on CFR (job training leave) or temporarily "occupied" in community service work (TUC).

This large force of unemployed workers will rejoin the labor market when the temporary measures expire. When is this due to occur? Coincidentally, for many of these people, in 1986. This is the deadliest time bomb invented by a Left which has proven that its ability to destroy far outweighs its capacity to build.

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CSO: 3519/100

FIGURES REVEAL FOREIGN INVESTMENTS UP SUBSTANTIALLY

Lisbon DIARIO DE NOTICIAS in Portuguese 15 Jan 86 p 7

[Text] Direct foreign investments in Portugal showed an increase of 53.2 percent in 1985 as compared to the preceding year, Foreign Investment Institute figures show. They indicate that the capital invested on our national territory by foreigners in 1985 totaled 42.3 million contos, as compared to 27.6 million in 1984.

The investment level showed a trend from one year to the next which suggests what the main economic flow in the coming years might be. Community investment tripled, while the United States of America and the EFTA [European Free Trade Association] countries showed a substantial decline, of 35 and 16 percent, respectively.

In terms of groups of countries, it was the EEC which invested most in Portugal in the year just past (27.6 million contos), followed by the United States (6.2 million) and the EFTA countries (3 million).

Within the Community group, the United Kingdom invested 17.6 million, as compared to 2.6 in 1984, a figure which was multiplied almost 7 times; France invested 3.5 million, as compared to 3.2; the Netherlands 2.1, as compared to 1.1 million; Belgium 1.9, as compared to 199,000 contos; and the FRG 1.5, as compared to 1.1.

In 1984, in turn, investments came mainly, and in order of decreasing importance, from France, the United Kingdom, the Netherlands, the FRG and Ireland.

With regard to the EFTA countries, which showed a similar individual level of decline in relation to 1984, Switzerland was a nation which invested most in Portugal (2.3 million contos), followed by Sweden, Norway, Finland and Austria.

Investments by Macao in our national territory showed an increase of about 56 percent, close to the 55 percent increase in Spanish capital.

Foreign investments went mainly to the following sectors: banking and other monetary and financial institutions (8.9 million contos), paper industries

(8.6 million), chemical industries (4.3 million), the manufacture of metal and machine products, transportation and installation equipment, restaurants and hotels, and the food, beverage and tobacco industries.

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West Europe Report

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DRAMATIC YEAR AHEAD ANTICIPATED FOR NORDIC GOVERNMENTS

Stockholm DAGENS NYHETER in Swedish 9 Feb 86 p 12

[Article by Bo A. Ericsson: "Nordic Countries Expect Dramatic Year"; first two paragraphs are DAGENS NYHETER introduction]

[Text] Left makes a comeback in Sweden, open split in Denmark over EC, oil crisis in Norway and bingo for wage earners in Finland. The new year has begun dramatically for the Nordic countries.

Suddenly strong squalls are blowing in the Nordic countries--both in politics and in the economic field. In just a few months the front lines have changed, prognoses have become obsolete, and new questions have begun to dominate.

Here, briefly, are the main points of what has happened:

o In Denmark a political crisis and split has arisen around the relationship with EC, the Common Market. On 27 February a plebiscite will be held, and a heated campaign is going on.

o In Norway the dramatic fall of oil prices has caused "an entirely new situation." After years of steadily increasing national income from oil, dramatic declines are now threatening. Norway can become a deficit economy without more ado if the low prices hold.

o In Finland inflation has begun to decline so strongly that an apparently unique situation has arisen for the wage earners. They are going to get a real wage increase this year, even though the impending central wage negotiations may not give them a single penni.

o At the same time in Sweden the social democratic government is exposed to criticism and mutterings of dissatisfaction. Not from the Right, which has behaved as usual, but from the Left, from deep in their own ranks, in a changed political atmosphere.

Denmark

First Denmark:

At the end of last year the EC approved a proposal for a reform package which would mean, among other things, increased power for the European Parliament. But this was not accepted by the Danish Folketing. The Social Democratic opposition and the nonsocialist government's support party on economic questions, the Radical Liberal Party, comprised a majority for the refusal.

In that situation the government proclaimed a plebiscite for 27 February.

On the affirmative side is mainly the government and business, which is now mobilizing all of its forces. The government tends to present the plebiscite as a yes or no to EC membership, not just to the reform package. Weakened ties to the EC, they say, would have very serious effects on the Danish economy.

Within social democracy--which has internal problems today--it is mainly the groups on the left which argue for a negative vote on the EC. In other parts of the party there are signs of a certain indecision, and within the trade union movement there is a split on the EC question.

In Denmark there has always been an anti-EC group which, at least partly, crosses over party lines and the social order. Many believe that these groups have now grown stronger, but at the same time opinion polls indicate that the plebiscite will result in an affirmative.

Norway

In Norway it is oil which has made Norway one of the world's richest countries today. Year after year the nation's oil income has grown. Today oil is 30 percent of the country's exports and 20 percent of its GNP.

In 1985 oil brought the Norwegian treasury 47 billion kroner. Last year was a good year for the economy and the wage earners.

But now drastic changes are threatened because of the fall of oil prices, and uncertainty reigns. If the price of oil continues to fall and stops at about $15 per barrel (today North Sea oil is already down to $16 dollars per barrel) and the dollar declines to 7 kroner (somewhat above today) Norwegian oil income next year will fall to only 10 billion kroner.

Even though Norway today has a large currency reserve, that would mean a heavy strain on the economy.

Against this background the Norwegian Government has sounded the alarm: there must be a halt to real wage increases, the negotiating demands must be revised, a fifth vacation week postponed, and a reduction in the pension age from 67 to 65 also. Tightening up and economizing are the signals now being put out by the government.

Within the trade union movement they claim that the government is exaggerating the threat, and that the wage ceiling of 4.5 percent which the government has mentioned is rejected as "an impossibility."

It did not matter that within the union movement there was concern over developments which caused Norwegian industry to have competitive problems, and was not able to expand noticeably in recent years.

Finland

From Norway to Finland:

All during the 80's Finland has had a higher average economic growth than any other Nordic country. Real wages have grown almost every year. The two latest years purchasing power has grown by 6 percent because of the income-policy agreement which the parties and the government concluded in 1984. Gradually the difference in living standards as compared with Sweden has been reduced.

The Finnish wage earners will also get real wage increases this year. The remarkable thing is that they are going to get this even though the central wage negotiations, which are about to begin, will not give a penni increase.

The reason is mainly that inflation in Finland has now been slowed more drastically than anyone expected because of falling oil prices and the falling dollar.

According to the finance ministry inflation will gradually be stopped during the year so that in December it will be just under one percent (barely two percent for the entire year--in Sweden the government has estimated about 5 percent.)

Combined with a lower so-called overhang and local wage glide of about 1.5 - 2 percent, the reduced inflation results in real wages increasing by 2.5 percent even without any new central wage increase, according to the finance ministry.

Increase

The effect of the inflation adjustment on the tax scales results in a real increase in purchasing power of 3.5 percent this year.

These new estimates are dividing the unions; they themselves have participated in determing the factual bases.

Nobody expected that the Finnish LO [Trade Union Confederation] in this situation would refrain from asking for a wage increase. And this has not happened. But the demand which came a few days ago is moderate; it will only cost the employers three percent. A large part of this is the low wage investment. At the same time the LO leadership has implied that there is room for bargaining.

Oil Price

Almost regardless of what happens, therefore, the Finnish wage earners will get a real wage increase. A certain contrast with Sweden is perceptible.

But the successful Finnish model also has uncertain factors and darker sides.

One of them is the effect of falling oil prices on the important Soviet trade. Because Finland sells manufactured goods for Russian oil, the value of Finnish exports to the East declines if the price of oil falls.

That means that Finland must either look for new Soviet goods to import in order to hold its own eastern exports up, or it must also create new market shares in West Europe.

In that case industrial costs will tend to rise and competitive ability to fall. At the same time Finnish industry still has structural problems.

Another drawback is that the increasing purchasing power puts pressure on the balance of payments. If that is worsened it causes unemployment, which is already more than double what it is in Sweden, to increase further.

Sweden

And now to Sweden:

Here also there are positive effects from falling oil prices and the falling dollar. The year 1986 is expected to be a better year for the economy than was predicted several months ago.

But in Sweden it is primarily the political scene which is causing the squalls. In a short time the political climate and political situation has begun to change. There are other questions and demands than there were before.

And the government is subjected to the hardest criticism from the Left, from their own ranks, rather than from the nonsocialists.

New Deal

Totally regardless of how deep or how basic is the so-called revolt in the social democratic ranks, almost all debate is centered today around the situation of the poor, real wages, deepening differences, families with children--and increased stock dividends, cupon clippings and million deals as the background.

Within social democracy today there is a leading debater who hopefully claims that a "new deal" is coming.

After many years of domination by the new liberal, new conservative arguments, the Social Democratic Left is beginning to win new ground and to formulate the questions on the political agenda.

In this process, it is claimed, the LO leadership has been more sensitive than the party leadership, and strong in the offensive for its ideological role; at the same time LO chairman Stig Malm is frantically fighting to hold the rank and file together for the wage negotiations.

So this is how the squalls are sweeping through the Nordic countries. When the Nordic Council meets in Copenhagen next month for its annual meeting it will face a situation in which there have been changes since their last session. At the same time nobody knows how lasting the changes will be.

9287
CSO:3650/138

JANKOWITSCH ON RELATIONS WITH EC, WEST EUROPE

Vienna ARBEITER-ZEITUNG in German 3 Jan 86 p 8

[Article by Peter Jankowitsch, SPOe international secretary: "Austria and Europe"]

[Text] A debate concerning Austria's future relationship to Europe has recently been joined by the most diverse spokesmen, ranging from OTECHESTVEN FRONT, the organ of the Bulgarian Popular Front, to OeVP right winger Andreas Khol. Today, it is Peter Jankowitsch's turn. Jankowitsch is a deputy to parliament and international secretary of the SPOe.

Over the past several years Austrian foreign policy has succeeded time and again in finding appropriate answers to the question of how Austria might adapt to the ongoing process of European integration. This applies in particular to the first real "bridging of the gap" between Austria and the European Community which was undertaken by the Kreisky government in 1972 in close consultation with the other European neutrals and which created a large European free trade area affecting more than 300 million people. Since that time relations between Austria and the communities in Brussels has been developing rapidly and dynamically without any adverse effect on our economic as well as political relations with other European nations.

A pragmatic approach has stood the test which permitted Austria--by carrying on a continued dialogue with the communities as well as individual EC members--to gain more and more access to European integration and to counteract many of the disadvantages of non-membership, even in the field of agriculture but also in other areas where the free trade agreements do not apply.

While others have been talking a great deal about Europe during these past years, it was the socialist-led governments since 1970 in particular which brought Austria closer to the communities than the conservative apostles of the European idea would ever have thought possible.

But socialist statesmen like Bruno Kreisky also recognized early on that the process of integration would proceed along various lines and that it would also have to be looked at in the context of other international relations and, by no means least, in the context of the detente process in Europe.

This is why Austrian foreign policy has always not only taken the internal evolution of the institutions of the communities into account but also their reciprocal relationships with other economic areas in Europe.

Today, here are new developments within the European Communities once again (e.g. the entry of Spain and Portugal--one of the founding members of EFTA--and the thus far unsuccessful efforts to move integration beyond agricultural policy and foreign trade into the area of environmental, technological and currency policy or even into culture and science) which have raised new questions of how those European democracies which do not belong to the EC should react to this evolutionary process.

One important starting point without a doubt is the fact that the new 12-member European community can no longer be viewed as a mythical reincarnation of Charlemagne's empire which the conservative builders of Europe conjured up so vociferously in the late fifties. Socialist Europeans ranging from WIlly Brandt to Francois Mitterand have injected a dose of Anglo-Saxon and Scandinavian pragmatism into this idea and have put their particular stamp on the EC by now and the kind of Occidental rhetoric employed by CSU deputy Otto Habsburg in the European Parliament should not lead anyone to believe otherwise. The European Communities have opened up to the world more (including the Third World) and they have become more socially aware and more modern.

This is why Austria can look for additional bridges to the EC--particularly in those areas where maximum European cooperation is imperative. e.g. in the environment, in transportation and technology or where it has already become a reality as in the case of exchange rates.

Less so than in the case of the smaller EC of the sixties there is no danger of Austrian loss of identity in any move to draw closer to the communities because one may expect a more differentiated community to be more tolerant of constraints placed on Austria, e.g. because of its permanent neutrality--as is the case with Sweden or Switzerland.

Any such move toward closer ties and harmonization should proceed along the same pragmatic lines as before, taking into account of Austria's autonomy and identity. Thus there is no need to link these ties to such easily misinterpreted and politically freighted concepts like [EC] membership or association.

But at the same time Austria must continue to be on the lookout for other formulas and patterns, for models and testing grounds for integration--because such roads, too, lead to Europe. Evidence of how fruitful such a search can be is provided by the recent decision to join ESA, the European space agency to which other neutral nations have belonged for some time. A similar case in point is the move toward European cooperation within the context of the Eureka program.

Finally, Austrian foreign policy will have to adhere to the maxim that closer ties to the Western part of Europe must not come at the expense of creating new rifts vis-a-vis the Eastern Part of the continent.

9478/9312
CSO: 3620/216

SOCIALISTS' TACTICS IN WALLOON REGIONAL GOVERNMENT

Brussels LE SOIR in French 22 Jan 86 p 2

[Article by Jacques van Solinge: "'Legal and Implacable Opposition,' the Motto of the PS in the Walloon Region"]

[Text] On your right: the Liberal Reform Party [PRL] and the Social Christian Party [PSC] which, with 46 percent of the votes, have decided to govern the Walloon Region and which are getting ready to sign a pact, which should lead them to intimately tie their destinies together for 8 years. On your left: the Socialist Party [PS] which vigorously challenges the circumstances under which the French speakers of the national majority have "laid hands" on the Walloon Executive. Elsewhere: the Ecology Party which, the social Christians say, might be tempted to join the Walloon "government" of Melchior Wathelet if responsibilities in matters of the environment could be entrusted to them.

Since the legislative elections of 13 October, the Walloon Regional Council has only held three meetings. And two of them were peppered with various incidents. Hence, nobody believes that it will be possible to govern a region like Wallonia for a long time with a majority of 46 against 54 in votes and of 52 against 51 (following the eviction of the People's Party [VU] senator from Nivelles) in seats. But there you are! Nobody, either on the right or on the left, seems determined to make a gesture by which he might run the risk of remotely loosing face in the eyes of public opinion or of his adversaries.

It was in such a context, and especially following last Wednesday's incidents, that the results of the meeting of the Socialist Party Committee were awaited. On Monday morning, the PS leaders parted after having unanimously approved a communique drawn up personally by the party president.

From Spitaels' Creed...

Guy Spitaels wanted his text to be neither too soft nor too aggressive. Three points in the communique deserve to be singled out:
- "We will continue to be present at the Walloon Assembly, which must continue to meet regularly;
- "We do not recognize the legality of the president and of the Executive, both elected without a majority. We will fight until the end and at the same time we reserve for ourselves the right to initiate appeals of decisions made by the Executive to the Council of State as well as to the courts and tribunals";

- "To keep legal insecurity from coloring all the actions of the Executive, the PS will remain at the disposal of the other Walloon parties if they want to formulate proposals aimed at ending the divisions created among Walloons."

Guy Spitaels specified that the last paragraph does not at all mean that the socialists are "ready to roll in the dirt to obtain any small thing."

Hence, the elected officials of the PS will be present at the next meeting of the Walloon Regional Council. Will they once again cause a physical obstruction as they did last Wednesday? No, Yvan Ylieff, the head of the socialist group from Namur told us. We want to demonstrate that it was impossible for us to act as if nothing had happened after the installation session. Henceforth, our protests will take place within the framework of the normal functioning of the institutions, but they will be implacable.

... To Ylieff's Tactics

In short, the socialists have obviously not digested the quorum problem. "There is neither a precedent nor a simple example of an assembly in which the quorum was changed when a member was unable to be present. Thus the quorum in the Senate is calculated in such a way as to take into account the fact that Prince Albert is a member by right of the assembly, even though the king's brother only rarely attends the sessions. Thus the quorum in the Senate was not changed when the seat held by Mrs Simonne Jortay in the previous legislature remained unfilled for several months following the accidental death of its holder. For all deliberative assemblies, the number of members is set by law and the quorum is calculated in function of that number, even if some members are absent."

Thus, it is understandable that Yvan Ylieff and his friends in the PS refuse to support what Guy Spitaels has called the "coup of the 52," by analogy undoubtedly with the coup of 2 December 1852 which allowed Louis Bonaparte to have himself crowned emperor under the name of Napoleon III.

The Socialist Party has sent the ball back into the court of the Christian-liberal alliance. It awaits concrete proposals and reserves for itself the right to judge on actual evidence. It is up to Louis Michel and Gerard Deprez to take initiatives.

But, still according to Yvan Ylieff, the worm has already gotten into the fruit of the so-called majority. If only with regard to the choice of Namur as capital of the Walloon Region and as seat of its institutions.

In short, the arm wrestling is not over yet.

8463
CSO: 3619/24

GERMANS SEE SMALLER THREAT FROM USSR BUT SUPPORT U.S. PRESENCE

Bonn DIE WELT in German 4 Feb 86 p 1

Article by Horst Stein: "Germans Feel Less Threatened"/ Emnid Poll: Over Half Believe that Moscow is Serious About Detente

Text Today, the citizens of the FRG consider the Soviet Union less dangerous than just a year ago. Over half of them believe that Moscow is serious about detente. Nonetheless, 87 percent advocate that the FRG remain in NATO, and a great majority (78 percent) are of the opinion that the presence of U.S. troops on German soil makes peace safer for us, also. This emerged from an Emnid poll of autumn 1985, so far unpublished, of which DIE WELT has learned.

The most striking trend in the opinions held by citizens is the noticeable weakening of the sense of threat. In the fall of 1985, the question "in your opinion, is the communist threat very great, great, not so great, or not to be taken seriously?", was answered by only 37 percent with "very great" or "great". That is 10 percent less than in autumn of the previous year. Sixty-one percent believe that the extent of the communist threat is "not so great" or "not to be taken seriously"--a greater percentage than ever before since the year 1962. Among the group of 16 to 24-year olds, particularly relevant for the Bundeswehr, this ratio is even 32 percent to 66 percent. Emnid: "Only in 1972, the year of greatest hope for detente, did even fewer people feel less threatened than in 1985."

The assessment of the communist threat depends less on a numerical comparison of strength than on spectacular events. The pollsters note that Soviet intervention in Afghanistan and the strong-arm measures applied in Poland "evidently have disappeared from public consciousness and have been washed away by the flood of pictures which show politicians from East and West in negotiations."

It is just as noteworthy that since 1982, the percentage of those who consider NATO militarily superior is rising. Corresponding to the weakening of the sense of threat, 9 percent less than in 1984 consider the Warsaw Pact militarily superior. A majority of 54 percent sees the relative strength as balanced.

However, 68 percent believe that without the presence of U.S. troops we would be overrun in case of a surprise attack from the East. The deployment of U.S. Pershing II missiles in West Europe has largely lost its effect as an emotional subject mobilizing the masses. According to the Emnid poll, the beginning discussion of SDI will not produce a similar effect. Forty-nine versus 22 percent believe that the security of the FRG has also been strengthened through catch-up armament.

9917
CSO: 3620/231

FINANCIAL SQUEEZE ALTERS SOCIAL MIX AT GERMAN UNIVERSITIES

Frankfurt FRANKFURTER RUNDSCHAU in German 12 Dec 85 p 11

[Article by Rainer Blanke: "For Most People Money Has Become Tighter--The Social Situation of Students as Seen From Bonn"]

[Text] Suddenly and unexpectedly there was again talk in Bonn about student aid [BAFoeg--Federal Law for the Advancement of Education]. The cause was the German Student Administration. Its president, Hans-Ernst Folz, recently presented the results of the 11th social investigation of the German Student Administration in Bonn which dealt with the economic situation of students in the FRG.

In summary, he found that "we have become further removed from equal opportunity in the education system." The social situation of students has reportedly once more worsened and the supplemental burdening of parents has again increased. It was said that only every third student could study while being assured of an economic base. Real income for students has declined. If there were any increases in income at all then they were particularly noticeable with respect to children of economically strong self-employed persons.

According to Professor Folz, the social investigation clearly indicates that the financing of studies by parents and through personal earnings has increased. On the other hand, the quota of state-supported students has declined--by 10 percent in the last 3 years.

There has been repeated conflict between the German Student Administration and the Federal Ministry of Education over this so-called quota of supportees. Thus far, the Student Administration has always identified the quota of supportees among all matriculated students. The Federal Ministry of Education, on the other hand, stressed that the number of those who are basically not eligible for support payments or are no longer eligible for such payments, has increased to a greater extent and were, consequently, distorting the picture. It insisted that only the basically eligible students for support payments should be included in the figure.

Consequently, in the latest social investigation, the Student Administration listed, for the first time, two supportee quotas, one in accordance with the old system and one to go along with the desires of the Federal Ministry of Education. According to the old quota, the number of students receiving support payments at scientific advanced schools declined from 33.7 percent in 1982 to 24 percent in 1985; at special specialized advanced schools the decline for the same period was from 53.5 to 38.4 percent. In total, this means a decline from 37.1 percent to 27 percent.

Anton Pfeifer, the state secretary in the Federal Ministry of Education, who was present at the time the social study was presented, stated in his speech that it was "pleasant" that the Student Administration had followed the thinking of the Federal Ministry of Education in identifying the quota of supportees. This declaration was somewhat premature because, according to these calculations, the quota of those receiving support payments has declined even more drastically: At scientific advanced schools it declined to 30.8 percent (1982, 44 percent), at specialized advanced schools it declined to 48.7 percent (63.2 percent in 1982), at advanced schools in general it declined to 35.4 percent (from 48.2 percent in 1982). And this quota took into account only those students who had matriculated--those undertaking their initial studies, those who have not changed career tracks, and had not yet reached the age of 30; furthermore, at scientific advanced schools, only students through the eighth advanced school semester were counted; at the specialized advanced schools, only students up to the seventh advanced school semester were counted. Or, in words of the Student Administration: "All students about whom there was only a bare suspicion that they might not be eligible anymore were excluded from the basic total."

No matter how one counts: A decline in the number of students receiving support payments cannot be denied. In the view of the Federal Ministry of Education, the reasons for this lie in the past. In its sixth Bafoeg report, the Ministry refers to "changes in support parameters brought about by the seventh Bafoeg amendment law and the second budget structure law dated 1981." The decline is said to have been observable since 1980. "The improvement in support payment parameters brought about by the eighth Bafoeg amendment law was unable to as yet have any effect during the winter semester of 1984/1985." And the report, which was discussed by the cabinet on Wednesday, summarized the situation as could be expected: "The claim that the decline of those receiving support payments was based decisively on the complete restructuring of student support to the making of loans...cannot be sustained."

Incidentally, in a virtually concealed manner and not even presented in tabular form, the Bafoeg report mentions the development of student support from federal funds. "In 1982, 455,000 students were supported, during the first half of 1983 (through 31 July) 423,000 received support payments, and during the second half of 1983 (as of 1 August) 123,000; in 1984, 100,000 students were supported." However, the Federal Government does not see the development of student support by the various states as being concluded. It would welcome it if the states would provide support through more funds and act in a unified manner.

But back to the supportee quota at the advanced schools. If one takes into account the professional position of the parents, then it is noteworthy that all groups have seen a decline in supportee quotas, although to varying extents. In terms of percentage, the decline was greatest with respect to children of so-called "better-positioned parents" (who provide more than one-half of the support), and the decline was least with respect to children of unskilled or semiskilled workers (providing less than 15 percent of the support).

In absolute numbers, this means: in the period of 1982 through 1985, scientific advanced schools suffered a decline in the supportee quota among children of workers to 49 percent (1982: 61 percent), children of white-collar workers to 19 percent (29 percent), state employees to 15 percent (25 percent), and self-employed persons to 23 percent (30 percent). Similar developments were noted at specialized advanced schools: with respect to children of workers, the quotas declined to 60 percent (74 percent), with children of white-collar workers the decline was to 30 percent (45 percent), with children of state employees the decline was to 30 percent (44 percent), and for children of self-employed persons the decline was to 31 percent (from 46 percent).

In summary, the statisticians find that: "The decline in student support payments in comparison with 1982 for children of workers was not insignificant, but was only half as great as that for other professional groups." Incidentally, the relative share of worker children receiving support, when compared to all students receiving support, increased slightly over 1982: at scientific advanced schools from 29 percent to 32 percent, at specialized advanced schools from 39 percent to 42 percent.

State Secretary Pfeifer expressly welcomed this development. He said that the slight rise in the share of children of workers was commensurate with the policies of the Federal Government.

However, one should keep in mind that student support payments primarily for this target group had been approved for the first time. In view of an overall decline in the support quota it seems almost cynical to speak of improved assistance.

However, some 3 days later, State Secretary Pfeifer used considerably harsher tones in speaking of the Student Administration. After all, the Student Administration, at its membership meeting, had criticized the Federal Government for not having taken into account the negative foreign experiences in switching over to making student loans. This changeover was said to be one of the essential causes why more and more children of low-income families were foregoing advanced school studies. And not only that: The Student Administration demanded an increase in the size of payments and free payments. Anton Pfeifer said on this score: "The Federal Government does not have the intention to follow the exaggerated demands of the German Student Administration for Bafoeg increases." He said that these demands were a sign of estrangement from reality. The Student Administration was said to be in danger of positioning itself offside with its demands and analyses. The Student Administration should "finally give some thought to the impression caused by its demands among the 65 percent of the students and parents who do not receive any support payments." Such "unrealistic" demands, he said, would not contribute to the acceptance of the law outside of the advanced schools.

In the opinion of the state secretary, the following demands with respect to student support payments would have been more realistic: The size of Bafoeg payments would be increased by an average of 3 percent in fall of 1986; the size of free payments would be increased by roughly 2 percent in fall of 1986 and 1987; study in extra-European foreign countries would, in future, receive the same volume of support as studies in Europe; support for foreign practical training courses would be expanded.

These are precisely the focal points of the 10th Bafoeg amendment law, the draft of which was agreed upon by the Federal Cabinet on Wednesday. But can one really expect this of the German Student Administration? Can one perhaps expect phrases like this: "The proposed increases are necessary to cover need. They are adequate because the rise in the cost of living is small. The consolidation of state finances and the essentially real value of support to education continue to be taken care of." These phrases can be found in the justification by the Federal Government of the draft law.

It thus remains to be feared that the next social investigation might draw a far dimmer picture yet. In the summer of 1985, another investigation determined that the number of beginning students has significantly declined--a development which was emphatically welcomed by the Federal Government. Unfortunately, it was precisely those groups which most needed education who stayed away from the advanced school system: high school graduates from families with low incomes, young women and children from nonacademic families are ever more frightened away from advanced school study. Should all efforts of the 1970's to facilitate access to the advanced school particularly for these groups have been for naught?

5911
CSO: 3620/184

POLITICAL

GREECE

PROVISIONS OF NEW BILL ON POLICE 'UNIFICATION'

Athens I KATHIMERINI in Greek 5 Feb 86 pp 1, 3

/Text/ The bill drafted by the Ministry of Interior and Public Order and that modifies the most essential provisions of Law 1481/84 with regard to the Unification of the Security Corps provides for almost a complete return to the old status that prevailed in the Cities Police and Gendarmery that have been abolished.

With the revised bill the government's failure on the issue of the unification of the security corps was fully admitted. Ill-considered measures and decisions, ideas without prior study and without an understanding of reality were undertaken to be implemented through Law 1481/84 with the result being that the police's operations reached a dramatic point with the natural effect being its complete inability to do what it was supposed to do, namely fight crime, maintain public order, security, etc.

With the revised bill the rank of brigadier general and second lieutenant is brought back and the rank of inspector, as it used to be in the gendarmery, is restored. Also, the possibility is provided for the establishment of police directorates in the General Police Directorates (of Athens and Salonica) and of police subdirectorates, public order units, agrarian police, traffic police, aliens police and police stations in all police directorates. The establishment of these services in each police directorate will take place by presidential decree and in accordance with the needs prevailing in each police subdirectorate region.

Four police directorates will be established in Attiki region each one of which will have the necessary number of subdirectorates, police units, etc.

The four directorates will be established on the basis of one per nomarchial division of the nome and will have control of the corresponding region. Since the nomarchial division of Piraeus also covers regions that belonged, prior to unification, to the Piraeus Police Directorate at that time, it is possible that some problem may arise. This problem will be resolved by presidential decree once the relative study has been completed.

The restoration of the rank of brigadier general was deemed necessary following the reduction in the number of major generals from 21 to eight because great inequities were made to the detriment of retirees and also great financial discrepencies in pensions also to the detriment of retirees.

The restoration of the rank of police second lieutenant was called for primarily by the military. Law 1481/85 clearly specifies that the EL AS /Greek Police/ is a military body with a military structure and military discipline, hierarchy, etc.

By virtue of Law 1481/84, officer candidates would study for 3 years at the police school and would graduate as police first lieutenants, while in the army similar officer candidates would also study for 3 years and graduate as army second lieutenants. At the same time, police first lieutenants would have to complete about one-third of their careers, 10 years, in the same grade, something that would be particularly tiring and also something that would have reduced both interest and productivity among most of these officers after a certain number of years of service. With the restoration of the rank of police second lieutenant a difference is created because police second lieutenants would be promoted to the rank of police first lieutenant after 3 years of service and given the fact that the number of organizational positions of police first and second lieutenants are not increased by the new law, the growth of the police first lieutenant force will henceforth be normal.

Other Changes

Through various other provisions of the revised law various secondary issues are regulated, such as the unification of the police, public order and security branches. Abolished is the civilian defense branch. The civilian emergency planning branch is restored, as is the institution of agrarian police. The independence of the Firefighting Corps is also finalized.

The revised law does not specify what the number of police brigadier generals will be. Mr Tsouras will announce this figure to the Chamber of Deputies during the discussion of the revised law. Nevertheless, as categorically stated, immediately after the passage of the law the selection of the police brigadier generals will take place. According to information, there will be about 15 police brigadier generals, while the number of organizational police director positions, that will be reduced, will also be about 15.

5671
CSO: 3521/89

POLITICAL

ITALY

PCI CENTRAL COMMITTEE DETERMINES CRITERIA FOR 17TH CONGRESS

Rome L'UNITA in Italian 12 Jan 86 p 10

[Article: "This Is How Discussion and Voting Will Be Carried Out in Party Congresses"]

[Text] The Committee of 77 has produced the final draft of the document that, on the basis of the statutory norms in effect, sets the congress procedures, introducing significant innovations with the purpose of expanding participation and strengthening democratic guarantees. We publish here the main features.

The basic purpose of the section and federation congresses is to develop effective and thorough discussion of the congress document approved by the Central Committee (CC), which is to constitute the primary reference base.

It is necessary to avoid having the section and federation congresses approve political motions that are repetitive of the congress document. Instead, it is good for the congresses to express in a brief agenda their opinion on the CC document and possible amendments, and discuss and approve brief policy motions that pledge the sections, federations and regional committees, within the respective realities in which they operate, in regard to the directions and the concrete mass initiative and strengthening of the party. Finally, it is appropriate, also to enable effective and thorough discussion by the congresses, to have possible amendments to the CC document presented in written form in the initial phase of the congress, so that all comrades will be able to review them and the committee itself will be able to evaluate them and express its opinion on them.

Cell and Section Congresses

The section congresses and cell congressional assemblies will have the following items on their agenda:

1. Debate and approval of the document of the CC and the Central Control Committee (CCC);

2. Election of the leadership and control organs and the delegates to the federation (or section) congress.

In the section congresses, other items can also be put on the agenda and discussed. The section congresses should be organized in such a way as to guarantee participation by the members, applying the most suitable schedules and proceedings methods. In particular, should be promoted and guaranteed the fullest attendance of members at the concluding phase of the congress, particularly in discussion and voting on the document, possible amendments, the leadership organs, and the delegates to the federation congress.

The section congresses and the cell congressional assemblies will elect, for the organization and direction of their own work, a presidium, policy committee, electoral committee, and credentials committee (the latter only for section congresses with delegates) according to the prescribed procedures.

The policy committee, on the basis of the debate in the assembly, will prepare a brief agenda (that will be presented to the congress for discussion and vote) in which it will express a judgment on the CC and CCC document and possible amendments. The federation congress and the national congress must be in a position to know precisely the opinions of the comrades and to evaluate them. Thus, it is necessary to have an accurate and precise count of the votes on both the amendments presented and those rejected. The minutes of the section congresses should be promptly forwarded to the federations.

Federation Congresses

In regard to the holding of the federation congresses, it is advised that they be very expeditious, lasting at the most 3 days.

The federation congresses will have the following items on the agenda:

a. Debate and approval of the CC document;

b. Election of the leadership and control organs, and election of the delegates to the national congress and the regional congress.

At the federation congresses, other items can also be included in the agenda and discussed. The committees should preferably meet during periods devoted exclusively to them. The following committees are necessary:

1. Policy committee (to study amendments to the CC and CCC document and possible proposals);

2. Electoral committee;

3. Credentials committee.

Other committees can also be formed to handle specific issues to which the Federal Committee attaches particular importance.

It is advised that the introductory report of the federation congress be limited to a 1-hour period. It should review the main issues of the CC and CCC document, briefly cover the congress discussion that has already taken place, and tackle the questions of labor and party initiative.

The comrade sent by the CC will give his own speech at the end of the congress proceedings, referring to the discussion and citing the themes of the CC and CCC document. The reporter will have the right to present a brief response, if he considers it appropriate. It must be clear that policy conclusions of the congress are put in the policy document presented by the appropriate committee and voted on by the congress itself. As for the final document, it must avoid formalism and ritualism, but seek to synthesize the content of the discussion that has taken place in the committees and plenary sessions. Naturally, it must comment on the platform contained in the CC and CCC document. Possible amendments, proposals and resolutions that are different from those presented by the policy committee should be raised for discussion and voted on by the congress in a clear way. The results of all the votes must be recorded in the congress minutes, and all the documents presented must be included in the minutes. A copy of the minutes and the documents of the federal congresses must be forwarded to the CC electoral committee for preparation of the congress, which will make them available to the national congress. Thus, particular care must be taken that the discussion deals with the substance of basic issues contained in the CC and CCC document and the major problems of the party's political initiative, avoiding wandering and formalism, and thus reaching clear conclusions.

The presidium elected by the congress leads the congress proceedings and is responsible for congress order and discipline. In the section and federation congresses the following have the right to speak: delegates, members of the outgoing leadership and control organs, and comrades sent to represent the federal committees, the regional committee and the CC.

Leadership Organs

The formation of the leadership groups and organs at this time in the party's life must be characterized by a greater presence of women comrades, and by a greater number of comrades representing the abilities and specialties in which the party is rich; by a greater presence of comrades involved in production, and forces that reflect the population reality of the country. The composition of the leadership organs must reflect the richness of the party's political and cultural energies and display the effective will to make use of the broadest forces. This does not contradict, but instead should promote, the necessity for renewal, which precisely requires a constant commitment to use all the party's forces and capability. The experience of the past few years has confirmed to us that the necessary positive synthesis of the contributions of work and leadership from the various political, social and generational backgrounds can be achieved only by leadership groups that demonstrate the capability to renew themselves without losing any active support. Greater balance and stability is also the precondition for unity of the leadership groups. In this way, the advance of new forces--essential for a mass party like ours--will enrich and update the total wealth of the party.

Section Directives

In accordance with the statute, the section congress will elect the steering committee and the arbitration committee. Based on the results of the past few years, it is necessary to further increase the number of women and men comrades in relation to the new production activities and the population realities.

In the past few years there has been a particular development of women's awareness and struggles. This must be reflected in the composition of our leadership organs, starting with those of the sections. It is recommended that a permanent invitation to the meetings of the section steering committee be given to the secretary of the FGCI [Italian Communist Youth Federation] branch, with the purpose of giving the FGCI itself a contribution but also of enriching the life of the party, but without that involving removal of the comrade from the youth organization. On the contrary, this should represent a greater commitment by the party to the issues of the youth.

Federal Committees

The federation congress must elect the federal committee and the federal control commission. In regard to their composition, it must be based on the need to elect a federal committee that will be a body jointly responsible for the policy set by the congress, and linked in an organic and permanent way to the zones, sections, cells, and other party organs in the province.

A federal committee should be elected that will include the necessary number of leading comrades who know how to operate effectively in the political, social, economic and cultural reality of the zone, and to assure the consistent operation of the body to which they are elected. In reelection, one should take into account the frequency with which comrades have previously participated in the meetings and activities of the federal committee and, in general, the party. One must avoid a situation where an excessive number of members makes difficult the operation and capability of leadership and decision-making. Many federal committees are still too large. In this case, the commitment must be made to reduce the number of members. In election of the federal committee a criterion of proportionality should continue to be used based on the number of party members in the federation (from a minimum of 35 to a maximum of 120 members).

25 Percent Women

In formation of the federal committee, the following norms should be achieved:

a. The majority of members of the federal committee should be comrades involved in productive life, particularly workmen, workers directly linked to the different realities of the labor world, the professions and intellectual activity;

b. The balance of comrades of various generations must be insured through a proportional representation of young, middle aged and elder comrades that will guarantee renewal and continuity of the leading groups;

c. The number of comrades in the federal committee should be increased by a percentage of up to 25 percent, and in any case not less than one-fifth. The women in the federal committees should be a reflection of the work and commitment in more general sectors of the party life. At the same time, one should increasingly promote the presence of women comrades engaged in women's work, because of the political importance this has in the party's organizational work.

d. The statute guarantees to the FGCI the participation of a delegation in the proceedings of the federal committee. It is recommended that this practice be continued, which, within the framework of the FGCI's autonomy, enables active participation by the comrades in party debate.

The federal control commission (CFC) must, in accordance with the statutory norms, be composed of a number of comrades not greater than one-third of the number of members of the federal committee. The statute assigns important control tasks to the CFC. For this reason, this organ must be composed of comrades who will give it authority, prestige and efficiency.

Presidium of the Congresses

The presidium of the congress is elected at the proposal of the comrade who, at the opening, transmits the resignation of the leading organs on their behalf.

It must not exceed a certain quorum in relation to the number of delegates (not more than one-twentieth of the national congress; between one-fifteenth and one-twentieth of the federation congresses; and one-tenth of the section congresses that may be held for delegates).

It is the prerogative of the presidium to elect from within it a presidium bureau.

At the national congress and the regional congresses, the presidium of the congress or its presidium bureau will meet with the representatives of the delegations to draw up the list of committees to be presented for the study and vote of the assembly.

In the case of the national congress, the delegations are composed of all the delegates elected in the federation congresses of a single region; in the case of the regional congresses, they are instead composed of the delegates elected in the congresses of each federation. Both the regional delegations to the national congress and the federal delegations to the regional congress select a head of delegation to represent them.

In the section congresses and the federation congresses, the presidium of the congress draws up the list of committees to be presented for study and vote of the assembly, immediately after it is established and after the first session of the congress.

In regard to the composition of the committees, in order to guarantee the productivity of the work and at the same time enable an effective and broad dialogue among the delegates of the congress assembly, it is necessary that the members of the committees be limited in number and at the same time be representative and qualified.

Duties of the Policy and Electoral Committees

The policy committee must be composed of strongly committed comrades at various levels of the party, institutions, movements, and mass organizations, and must be representative of the cultural and political richness that the party possesses. The duty of the policy committee is to study the amendments to the congress document and express an opinion on them to be referred to the congress assembly, and to draft brief final documents to be presented for discussion and approval of the congress that summarize the content of the congress debate.

The electoral committee must represent and be composed of comrades who provide the maximum assurance of objectivity, calmness and real knowledge of the contexts of the section and the federation.

The composition of the electoral committee and drawing up of the lists of candidates must be done in such a way as to achieve the broadest party unity. In evaluating proposals the basic criterion must be the results that the comrade has achieved in the struggles, in broadening the organized strength of the party and the FGCI, in the respect of the workers, in daily commitment to make our policy live, in political capability, and in combativity, honesty and dedication to the party. Possible confusion, reservations and disagreements by men and woman comrades about individual aspects of the party's policy must not be a motive either for excluding or including a comrade in the leadership organs.

The electoral committee must have information for political judgment as well as biographical details on each comrade under consideration, and provide them to the congress delegates to enable them to give a more specific judgement on the proposals made.

The electoral committee will operate according to the regulation approved by each congress. It is proposed that the electoral committee operate in the following manner:

1. Explain in an initial session to the delegates and judges the evaluation and criteria it intends to use, and not give at this first session any nominating proposals. Instead, it should propose the number of members of the various bodies and the form of election, and then decide on these;

2. At a second session confined to the delegates, present an initial list of candidates whom it is proposing, assuring that the delegates have the needed biographical data on the members. The delegates then discuss it;

3. On the basis of the observations made and the further proposals presented, the electoral committee draws up the final list of candidates for the various organs, and presents it for the vote of the plenary assembly, justifying the selections made.

The representative of the CC and the regional committee to the federal congress; the representative of the CC to the regional congress; the representative of the federal committee and of the zone to the section congress; and the representative of the section steering committee to the cell congress assembly, are entitled to be members of the presidium and the electoral committee.

Number of Delegates

The section congress is established by the general assembly of members in possession of the party card of 1985, also in the case where the section is organized into cells. In those sections that are partially organized into cells, it is appropriate to hold precongress assemblies in the cells themselves to tackle specific questions relating to their political initiative and struggle action.

The section congress will elect delegates to the federal congress according to the ratio to be established by the federal committee. It can vary from one delegate per 50 members, per 100 members, 200, or 300 (or respective fraction thereof). For federations of up to 5,000 members, the ratio can be set at one delegate per 30 members. The established ratio will remain the same for all sections of the federation.

In accordance with the decision by the CC and CCC, the federation congresses will elect delegates to the party's national congress in a ratio of one delegate per 1,500 members or fraction thereof, as long as the fraction is larger than 750 members. No federation will have less than two delegates. The delegations to the section, federation and regional congresses must include delegates from the largest factory and enterprise cells and sections, and an adequate representation of women and youth. These criteria must be kept in mind also for the delegates to the national congress.

The delegates will participate in the congress discussion and decisions with full independence of judgment. The conclusions and decisions of the congresses in which the delegates are elected must not be regarded as a commitment for them.

In accordance with article 17 of the statute, in the section, federation and national congresses the members of the leadership and control organs who are not delegates have the right to speak but not to vote.

Methods of Voting

Article 25 of the statute provides that the leadership and control organs of every party level will be elected by direct vote, by name, according to the procedures that the assembly will periodically decide. Vote by secret ballot is obligatory when requested by at least one-fifth of the congress participants.

Presidium and committees. The CC and CCC propose adoption of the open vote for selecting committees in view of the complexity of the duties entrusted to them and the need for them to have authority and balanced representativeness.

It is recommended that the open vote be used also for election of the presidium and the secretariat of the congress, as well as for procedural questions, texts of documents, and related amendments.

For this voting as well as the others, in the delegate congresses at least half of the elected delegates must be present, and it must thus be possible to confirm this quorum.

Agenda. The form of the congresses agenda can be modified in such a way that, if observations do not arise, it will conform to the agenda prepared along with the convocation of the congresses themselves. If new or different proposals emerge, they can be decided by show of hands, and with statements by delegates, one (or two) in favor and one (or two) opposed.

Documents and Amendments

In regard to discussion and voting on the documents, adoption of the following criteria is proposed:

a. According to regulation, aside from the exception in the following paragraph;

b. The amendments not approved by the section and federation congresses should be collected, with indication of the votes received, and put at the disposal of the policy committee, which will evaluate them liberally, without being required to explain reasons in their regard. On the other hand, each delegate has the right to present such amendments and then formalize them, without the rule of imperative mandate applying;

c. Those amendments that, though rejected, received a certain percentage of the vote (20 percent) must instead be considered by the policy committee of the higher level congress, which must, with reasons provided, propose their acceptance, total or partial, or their rejection.

In general, for amendments it is recommended--in harmony with the principle that people join the Communist Party on the basis of its program--that the amendments themselves have the substance of a policy proposal, and thus that they be directed at modifying substantive choices in the documents. The amendments should be presented in writing, within the deadline set by the congress, so that they can be examined by the policy committee.

Election of the Leadership Organs and Delegates

In regard to elections of the leadership organs and delegates it is recalled that article 24 of the statute provides for a specified length of party membership for comrades called on to serve (from 2 years for the section steering committee to 10 years for the CCC).

The fact remaining that under the norm of the statute each congress level can decide its method of voting and election--open or secret--to the leadership and control organs, the CC and the CCC propose in the case of adoption of open vote the presentation of a list of length equal to the number of the comrades to be elected, still with the provision that the delegates must vote on each name.

Norms for Secret Vote

In the case of adoption of a secret vote, the CC and CCC propose use of the following method.

Preparation of lists of candidates containing more names than the number to be elected, according to a percentage of excess that can vary between certain limits, also in relation to the agreed number to compose the leadership and control organs (and in relation also, as noted, to the number of delegates). This percentage could vary between 10 and 15 percent. The vote of the delegates (or of the comrades gathered in general assembly) must be expressed by preference indication, excluding erasures and substitution of names. It is proposed that the vote be limited, and that each voter have a certain number of preference votes, a minimum number--not less than 75 percent--and a maximum--not more than 90 percent, depending on the number of members of the organ to be elected. Nevertheless, in application of the current norm of the statute a delegate cannot be denied the right to use a number of preference votes equal to the number of comrades to be elected to the organ, that is, 100 percent.

On the basis of this instruction, ballots will be considered invalid that state a number of preferences below 75 percent and over 100 percent, in relation to the composition of the organ being elected.

Participation of the FGCI

It is necessary that the problems of the new generations be given significant attention in congress discussion. To this end, the election of young delegates to the provincial, regional and national congresses is urged.

As regards the FGCI, on the other hand, the party, recognizing the new autonomous experiment that it has undertaken, has as a result set the objective of strengthening, at every level, the relationship between the FGCI and the party itself.

The FGCI, under its new statute, affirms that it identifies with "the strategic inspiration of the PCI" and at the same time confirms its autonomy with respect to the party. In full respect for the shared democratic rules, the FGCI participates in the provincial, regional and national congresses with its official delegations and with the privilege of taking part in the debate. Under the norm of the statute these delegations participate in the voting on delegates.

The size of the delegations participating in the section, federation, national and also regional congresses will be decided at various levels by agreement between the party organizations and the FGCI.

9920
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COURSE OF VVD PARTY CONGRESS VIEWED

Rotterdam NRC HANDELSBLAD in Dutch 20 Jan 86 p 3

[Article by Hubert Smeets: "Nijpels Avoids Hot Topics During VVD Congress"]

[Text] Practically everybody had free access to the microphone at the VVD Party Congress held in Almelo last Friday and Saturday. Ordinary members, prominent members of the cabinet, famous "veterans," even an Abva-Kabo union leader: all were invited to, and could speak out at the VVD Congress where the election program for the next four years was defined.

But one prominent conservative remained silent in front of the entire audience the whole time: Ed Nijpels, leader of the parliamentary fraction, party leader and, unavoidably, the number one on the list. He sat motionlessly at the presidential table of party chairman Jan Kamminga. In the lobby he would still give his opin-on about the "specimen" of a possible euthanasia law which the government had put in prospect on Friday afternoon. But he drew an impenetrable veil over that other hot issue: his personal image as leader and as top man of the list. This in spite of the eagerness of many to hear Nijpel's reaction to the most recent opinion polls, which still do not look very bright for the VVD.

This not so much because these figures indicate that the VVD has suffered considerable losses, but especially because Nijpel's position, too, is not at all to be taken for granted, according to the latest polls of Maurice de Hond and VARA's "Rooie Haan." Only 11 percent of VVD voters still believes that the current leader of the parliamentary fraction is the most ideal leader of the VVD, Maurice de Hond announced on Saturday. In fact, 70 percent of the conservative voters would prefer Hans Wiegel, the Frisian Queen's Commissioner, to return to The Hague. It is perhaps a cold comfrot for the VVD campaign-makers that Nijpels, according to this poll, does better with the electorate at large: 14 percent for him against 49 percent for his predecessor.

Ordered Programme

These tough figures were not unknown in the theater of Almelo where the VVD congress was held, but any reference to them was painstakingly avoided. They were discussed, however, outside the conference room, but of course, de Hond does not cause feelings to run so high in VVD circles as in the PvdA. The effect of his polls on the socialist broadcasting system has been giving the political top of the PvdA a peck of trouble for a while. Nevertheless, Ed Nijpels could not be coaxed into commenting on the polls. Neither did he give a general address, a directive speech. It had not been programmed by the executive committee of the VVD. And the conservatives stuck to the order of the meeting.

Only party Chairman Kamminga indulged in a more general reflection. He concluded the congress Saturday afternoon with his credo: "No vain promises, no stunts, no telling anybody that the moon is made of green cheese, but honesty and clarity. The future and the interests of the nation have priority over short-term election effects." And then his call, "Let us unambiguously rally round our program, the policy of the government, and Ed Nijpels, the leader of our list," in order to remove any doubts present, perhaps, also in his own party.

Polite

That plea had to do more with Nijpels, who will be chosen to lead the list in two weeks, than with the program. Because that itself did not cause any fundamental differences to arise, last Friday and Saturday. Among each other, members of the conservative congress do not tend to discuss things trenchantly. At a conservative congress, there is no strict timing of speakers, things are not rushed through, the delegates do not get entangled in speeches on principles or polemics. VVD members do not jostle when they want to speak; everybody waits politely and very quietly for his or her turn. And if two people happen to want to speak at the same time, a "don't fight, don't fight" from Chairman Kamminga is enough.

Even a hierarchy according to protocol is virtually nonexistent. The political "hobbyist" from Haarlem does not get a worse audience than members of the government such as Winsemius and Schoo, who join in the discussion without much ado when their departments are on the agenda. When a district such as Rotterdam wanted to break with this habit, and requested especially that the Secretary of the Justice Department, Korthals, Altes, be given the word so that he could avert the danger that the VVD would advocate the administrative integration of state police and municipal police in the care of the Department of the Interior against his will, then Jan Kamminga's answer to this, that the Secretary of State is man enough to grab the microphone and speak for himself, is no reason for endless debates on order, but the meeting continues in all serenity.

Shop

In the VVD, discussions tend to focus on the details of policy rather than on the starting points. Conservatives do not have big plans for the world. Governmental responsibility then means "taking care of the shop." A general discussions about, for example, drug addiction, is not meaningful at the VVD Congress; the discussion there immediatley addresses the question whether junkies should be forced to kick off. The Justice Commission of Children's

Court Magistrate Van der Goes van Naters from Breda argued in favor of this. The congress, by the way, did not agree with him at all on this issue.

And if there is a threat that the various opinions about the reclamation of the Markerwaard are becoming absolutely irreconcilable, then the question is not discussed exhaustively but a decision about which point of view to adopt is put off--so that the pro's and con's can be discussed again and the opinions of (among others) Smit-Kroes, Secretary of the Department of Dikes, Roads, Bridges and Canals--in favor of reclamation--and Ginjaar, ex-Secretary and also chairman of the Program Committee of the VVD--against--can perhaps be reconciled.

In fact there was only one item of the election program on which opinions were still different Friday and Saturday: the financial position of the municipalities and, in particular, the issue whether the municipalities should still be held responsible for ten percent of the--continuously rising--relief expenditures. The congress decided Friday at the intercession of, among others, Representative Herman Lauxtermann and of Annelize van der Stoel, city councillor of Amsterdam, that the municipalities should be given a lighter share of the burden. Rudolf de Korte, member of parliament and financial expert, fruitlessly fought this decision.

But the same theme indirectly recurred the next day, when at the conclusion of the survey of the party program, its financial basis (drawn up by the same Rudolf de Korte) was on the agenda. There it was said that out of the total retrenchment program of 18 to 20 billion guilders the VVD wants to realize, one billion has to come from reductions in the funds of municipalities and provinces. Marco Swart, council member of Enschede, feared that this might create the impression that the VVD wanted to continue the cutbacks in funds the municipalities receive from the State. But Chairman Kamminga quickly made an end to this discussion. He argued effectively that the financial details fall outside the program and their contents can thus not be discussed.

This mini-debate illustrated indirectly how wide the gaps can sometimes be between discussions in a congress hall and the practical problems outside. Because if there is one municipality which is heavily encumbered by the growing number of people who qualify for for relief, it is Almelo. This town has never been able to recover from the death of the Dutch textile industry. An ample 25 percent of the work force that counts for the statistics is out of a job--an ample 10 percent more than the national average. Almost all of the town's own revenues go to relief. A town such as Almelo can invest its hope only in Kamminga's optimistic finale: "Today is the first day of the future."

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POLITICAL NORWAY

PRIME MINISTER'S OFFICE SEEN TAKING OVER FOREIGN POLICY ROLE

Oslo ARBEIDERBLADET in Norwegian 17 Jan 86 p 5

[Commentary by Halvor Elvik: "Foreign Minister Willoch']

[Text] The last few days have provided us with a new example of a development which has been evident for some time, viz. that the foreign policy center of gravity within the coalition government has shifted from the Foreign Ministry to the Prime Minister's office. There is now every reason to listen attentively to the statements and moves emanating from these quarters before observers form an opinion on the present and future Norwegian foreign policy. At any rate, in the crucial and controversial policy areas.

Norway now has two junior foreign ministers in Undersecretary Nils Morten Udgaard in the Prime Minister's office and Undersecretary Torbjørn Frøysnes in the Foreign Ministry. There has been an internal policy tug-of-war between these two persons on internal influence, which, to outside observers, for the time being, appears to have been won by Nils Morten Udgaard.

However, it would be far too narrow-minded to view the present Norwegian policy actions as the mere result of the outcome of a tug-of-war between persons and personalities. The government leader is more involved with international developments and he is more active in foreign policy matters. Government leaders meet more often and have more work-oriented meetings now than they used to have. They also have more frequent and broader contact. The immediate result of this is that the government leader becomes more active in, and plays a greater role in the shaping of the foreign policy.

This, however, does not sufficiently explain the clear shift toward the Prime Minister's office that we now witness in foreign policy matters. Nor is the reason that Kåre Willoch might have been passive on foreign policy issues since he took over in 1981. His cooperation with Foreign Minister Svenn Stray has been close and intimate from the very start, even if Willoch had a different candidate in mind for the post of foreign minister than Svenn Stray at the formation of the government.

Stray, however, got into repeated conflicts with the majority of the Storting during the previous period. Moreover, an increasingly more evident passivity on the part of the Foreign Ministry in shaping and, in particular, marking Norway's position on foreign policy issues, created a vacuum which the Foreign Policy Committee of the Storting, in a way, filled in. The clearest example of this process was the work on the part of the Foreign Policy Committee on the arms reduction report. The said report was actually put away and replaced by the report of the Foreign Policy Committee which is now the major document on Norwegian arms reduction and security policy positions.

Willoch wanted to acquire greater control over this situation. Willoch, first and foremost, wanted to prevent situations from arising in which the Storting groups of the middle parties would form the majority in the Storting together with the Labor Party on important foreign policy issues and thereby change or vote down proposals from the government. The leaders of the middle parties within the government had the same need for greater control, but for a different reason. It was, therefore, with the full support and cooperation on the part of Bondevik and Jakobsen that the government set up its Foreign Policy Committee, the RUU [Government Foreign Policy Committee]. Participation in the RUU meetings vary from issue to issue, but, in that committee, the major government policians meet with the leaders of the middle parties in the Storting and the chairman of the Foreign Policy Committee, Jan Petersen of the Conservative Party.

The government's support of the UN resolution to freeze the nuclear arsenals of the superpowers at their existing levels was the first major issue which put RUU in a central position on foreign policy issues. Here, a classical political 'horse deal' took place, in which Willoch agreed to support a freeze subject to assurances from the middle parties that they would not cause any obstruction on the space arms issue. Now, after the turn of the year, RUU has been in charge of the discussions on the issue of Norwegian measures against South Africa. Even if this situation has not been finally clarified, there are many indications that the maneuvers within and around RUU will succeed in keeping the Storting groups of the middle parties under control.

Willoch himself heads RUU, and Udgaard is the committee's secretary. In government quarters, the role played by RUU is described as 'natural' and 'logical.' In actual fact, the Prime Minister's office is increasingly assuming control over the major foreign policy issues.

The confusion in conjunction with the Norwegian reaction to the support of President Reagan's boycott of Libya illustrates the situation. Apparently contradictory statements were made by Foreign Minister Stray and Udgaard. When the matter became clarified last Thursday, this also took place via the Prime Minister's office, and with a result which was closer to the Udgaard version than the impression created by Stray's statements. The parties involved will, of course, claim that there were no discrepancies, errors or conflicts.

However, the parties involved are not the only ones to evaluate the situation. The Norwegian foreign policy has got both its transmitters and recipients, and the transmitters, indisputably, give rise to confusion and questions on the part of the recipients, both in this country and abroad.

7262
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POLITICAL

NORWAY

FORDE LEADING LABOR PARTY IDEOLOGICAL CAMPAIGN TO REGAIN POWER

Oslo AFTENPOSTEN in Norwegian 25 Jan 86 p 3

[Article by Bjorn Talen: "'Regulation is Civilization'"]

> [Text] There is much which suggests that the struggle for power in 1989 will be carried out--and won--in the ideologic arena. The Labor Party in any case has opened a freedom debate, among other reasons, to improve its standing in the central urban areas where people have most noticed the results of the Conservatives' efforts for greater freedom and a more open society. The Labor Party's chief ideolog, Einar Forde, says he is willing to open the doors to greater individual freedom. But at the same time, he positions himself--with his statements--in the middle of the door opening. Many shifting voters who have tasted the new freedom likely do not feel convinced that the socialists will manage in practice to break the old bad habit of resorting to prohibitions every time something pops up to their disliking. An intellectual debate and verbal promises are not enough. It remains the results which speak the loudest. And Einar Forde assures us that regulations are a distinguishing characteristic of civilization.

"Freedom's just another word for nothing left to loose," sang Janis Joplin, who took advantage of freedom to destroy herself. But in the political debate, one is more willing to allow the concept of freedom to encompass more than that--also more than the ultra-liberal Ayn Rand, who maintains that freedom is the right to do everything which does not include direct physical violence against another person. The philosophic freedom debates often become abstract, but the connection between ideology and everyday reality rapidly becomes apparent when one poses the issue as follows: Is it freedom to be able to build a cabin wherever one wants? Is it freedom to be able to buy health instead of a video machine? Is it freedom to light a cigarette which bothers others?

Honored Word

Freedom is an honored word which transcends all established political boundaries. But all democratic parties, even the Progress Party, must weigh freedom against other honored words such as security, equality and fairness. At the moment, this problem presents itself most accutely within the Labor Party, whose solutions for dividing society's wealth often have been at the expense of an individual's freedom to make his own choice. The result of these well-meant meddlings gradually has grown into a formidable legal jungle.

No one would assert flat-out that freedom and socialism cannot coexist. Is this because socialism has become such a loaded term--misused by "the peoples' democracies" and tyrants from Ethiopia to Kampuchea--that it nearly has disappeared from the Labor Party's vocabulary? AFTENPOSTEN has invited vice-chairman Einar Forde to engage in an ideologic chat with total freedom:

"It is not completely true that we never use the word 'socialism' any more. For me, it has a specific content. But the observations are partially correct. The debate about freedom, however, is not a Norwegian phenomenon. Social Democrats everywhere have felt the challenge. Freedom is the most painful word for us. The conservative parties' greatest success has been that they gradually have managed to monopolize the debate about freedom."

Freedom Movement

"Within the labor movement, we have been accustomed to viewing ourselves as a freedom movement. Therefore, we have felt the accusations that 'socialism leads to Siberia' to be extremely unfair. But it is clear that we have been neglectful in certain areas and it is this challenge which we must meet."

[Question] "Is it not true that the Labor Party always puts freedom in second place after security and equality? And is a certain inequality of income not the price which we must pay for growth and progress for the good of all?"

[Answer] "I agree that working should be profitable, as the Conservatives say. Education, efforts, responsibility and creativity ought to be compensated. But unfortunately, today it is the ability to manipulate money which carries the most weight and the greatest premiums redound to those who work hardest at avoiding taxes."

Increased Inequality

"Equality has its own intrinsic value. In Norway we have a fine egalitarian tradition. Recently however, inequality has increased as respects income and wealth, particularly in Great Britain. This is due primarily to the fact that the bourgeois merchants--or mercenaries, to say it more crudely--have overtaken power in the conservative parties. Therefore, equality is not just an honored word without contents of political conflict. We must fight for equality in every generation."

[Question] "But does it not seem as if the Labor Party always gives in to the demands of special interest groups for regulations which conflict with the people's need for freedom?"

[Answer] "Now we must remember that regulation is itself a characteristic of civilization. During the American Civil War there were those who claimed that the abolition of slavery was an infringement on their freedom. But obviously there are both practical and idiotic regulations. The Labor Party must assume the responsibility for the fact that we have wanted to regulate in areas that were not terribly necessary. However, the majority of the infringements are not the result of the desire of politicians to regulate, but rather, of the desire of businesses for protection. To be sure, there are banquet speeches on freedom of choice in organizations and industries, but the next day, there are knocks on the politicians' doors for subsidies or regulations."

"Therefore, the division is not always a classic one as between Right and Left. The non-socialists have implemented re-evaluations even though they have led to increased bureaucracy. It was the special interests of landowners which were victorious in that instance.

"A detailed examination of power has shown us that the power of organizations has increased at the expense of the elected representatives. This is a common challenge. Willoch and I likely do not view this problem dissimilarly. In addition, it is not always the most desireable special interests which come out ahead. Just think about the persuasive power of the Association for the Handicapped as opposed to the automobile associations.

"Normally, I prefer compromises over conflicts, but sooner or later, the politicians must extract compromises from the strong organizations and re-take power."

[Question] "But it cannot just be the fault of the Commercial and Office Workers' organizations, and others, that the Labor Party nearly always comes reluctantly limping along in the reforms which the Conservatives have forced into being, for example, as respects the monopoly of the Norwegian Broadcasting System and the closing-hours law?"

[Answer] "That is a good question to which we have many official responses. Among others, that our long-term program in 1981 was a fresh response to the challenges. But to be honest--we were tardy."

Valuable Conservative Inheritance

"On the other hand, I feel that we have preserved our valuable conservative inheritance better than the Conservatives. The government has created a new reality with its media policy and new open-hours, but I doubt how successful it all is. Has it really created a lot? I have a feeling that the desire to break up government institutions has been a greater motivation than true conservatism."

[Question] "Will we be turning the clock back in these areas if the Labor Party regains power?"

[Answer] "No, not back to where the clock was. It will more nearly involve preventing the creation of new monopolies and concentrations of power. Nor can the old real estate market be restored even though there is much which should be done in this area."

[Question] "It is often said that the Conservatives' position only leads to freedom for the few. But didn't the Labor Party emphatically miss the mark on the question of dissolution rights for specialized housing cooperatives and the concession law which was shown to involve many, and terribly ordinary, people?"

[Answer] "If I am to be truly candid, then I must admit that we were too hung up with outdated solutions and lacked reform fantasies. But particularly with regard to social housing policies, we must be careful not to throw the baby out with the bath water."

"It also should be noted that we were in the process of working on deregulation when we were voted out of power. During the course of the 1970's, we sacrificed a good deal of equality for the cause of decentralization, and it was also the Labor government which appointed the committee to consider the question of open-hours."

[Question] "Do you agree with Gudmund Hernes that it may become necessary to repeal regulations which have been built up by the labor movement?"

[Answer] "Yes, but this will be difficult for two reasons. As respects arranging for more flexible work-hours, we support the labor movement's feeling that established bulwarks are being threatened. Additionally, we are dedicated to placing greater emphasis on liberalization, freedom of choice, and individual rights relative to public regulations. But we also have an opposite tendency which clearly is represented in Per Sundby and is based upon the lack of morals: alcohol, narcotics, money under the table and deceit are aspects of the modern society of which the Social Democrats have less reason to be proud. Therefore, we cannot assert that liberalization is beneficial in all areas."

[Question] "And in any case, should there not be freedom to use money on one's own health...?"

Unyielding

[Answer] "We want as few foregone conclusions as possible in our freedom debate. But in two areas, it is barely possible for us to yield on our demands for equality: education and in the health and social sector. That does not mean that we will forbid private health institutions. People may be willing to pay for that. But the privatizing must not eliminate the availability of socialized services or in other ways destroy the resources which must be equally available to all, irrespective of the size of one's pocketbook.

"There are also positive aspects to the advances in the private sector. They have led to a debate on the quality of the public offerings. One need only to have visited the Oslo emergency ward to have seen the deplorable conditions. A similar re-thinking also is needed regarding the threats from privatizing governmental industrial operations."

[Question] "But once again we have the impression that the eagerness for regulation is alive and well...."

[Answer] "We probably have some residual slag. But the freedom debate must not be reduced to triteness over the issue of being for or against regulations. As mentioned, in a number of areas there is no thought of reversing the trend. But I believe, for example, that environmental policies will come to be one of our best cards. It is a classic example of the result of individual freedom leading to the lack of freedom and catastrophe."

"We have lost an election but the advances which we continue to make in the public opinion polls provide us elbowroom for the debate about freedom. In fact, we have faith in ourselves right now. In contrast to certain other parties, we are in the fortunate situation that we can perform self-examinations for the future."

12578
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LABOR PARTY DISTRICT CONGRESS: BAN NUCLEAR ARMED SHIPS

Oslo AFTENPOSTEN in Norwegian 27 Jan 86 p 3

[Article: "Troms District Labor Party Demands Nuclear Weapons Guarantee"]

> [Excerpts] The Troms District Labor Party annual congress this week has demanded that countries which send warships into Norwegian ports should guarantee that these ships are not carrying nuclear weapons. The requirement would pertain to visits of naval units as well as to exercises in Norway by our allies. The government is being asked to issue such a ban.

The measure was passed unanimously after a minority of 56 had voted for a narrower formulation of the proposal. A majority of 89 opposed the passage of the narrower measure. The disagreement focused on whether the government "can" or "must" require guarantees from warships of foreign countries.

The Labor Party's program which was approved last year contains a provision to the effect that it is assumed that foreign warships will not carry nuclear weapons during visits in Norwegian ports.

It was the Troms district AUF [Labor Party Youth] which had put forth this year's proposal on the nuclear weapons guarantee. There were many during the debate who argued that the paragraph on the guarantees against ships not carrying nuclear weapons should be stricken. This was based on considerations of national security.

The newly-elected chairman of the district party, Arne Bergland from Lenvik, told AFTENPOSTEN that in his opinion the proposal which was approved is "more moderate" than the AUF proposal which had been made prior to the annual meeting.

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POLITICAL

NORWAY

LABOR PARTY NEWSPAPER ON CONSERVATIVES NEW CHAIRMAN PRESTHUS

Oslo AFTENPOSTEN in Norwegian 21 Jan 86 p 4

[Editorial: "New Chairman of Conservative Party"]

[Text] Whether Rolf Presthus or Jan P. Syse will become the new chairman of the Conservative Party this spring is, in itself, not too exciting. The difference between the two men is merely external. "Within, they are alike." Both of them represent typical urban Conservatives with their business interests. In choosing between Presthus and Syse, the Conservative Party is not making any choice between different policy lines. They have, moreover, also in common that they publicly have expressed the desire not to become party chairman.

At first, one may, of course, be surprised at such a negative attitude to the chairmanship. Both, however, know the Conservative Party well enough to know that the chairman of that party seldom plays such a central political role as is the case in other parties. Like everybody else, they, moreover, know that as long as Kåre Willoch remains in office and has got power, he is the one who will decide the policy pursued by the Conservative Party. This has been the case ever since Willoch took charge of the Conservative Party, whether he sat in the Storting or was chief of government.

Even if the election in the spring of the new chairman of the Conservative Party is not too exciting or important in itself, it may, nevertheless, have important consequences. It seems likely that the one who is elected party chairman will also be the obvious candidate to take over Kåre Willoch's post as prime minister, at any rate if the change of power takes place before too long.

As has often been the case before when parties have had to choose a new chairman, discussions arise as to which combinations are fortunate or unfortunate. Will it be possible for Jan P. Syse to be party chairman at the same time as he is parliamentary leader? Will it be possible for Rolf Presthus to be minister of finance or to head some other department if he also becomes party chairman? There is no unequivocal answer to such questions.

It is a question of expediency which will have to be solved on the basis of the actual situation.

The way things are now, it seems evident that the most expedient procedure for the Conservative Party will be to elect Rolf Presthus chairman, making it a condition that he leaves the government. Even if Presthus is a member of the Storting, it will, in that case, be a condition that he spends much of his time at the party headquarters to develop and put the party organization in good shape. At the same time, it will be an important task for Presthus to mark the profile of the Conservative Party more clearly externally than Kåre Willoch is able to do in cooperation with the middle parties within the government.

There is every reason to note the reactions within the Center Party and the Christian People's Party to such a use of Presthus. It has been stated outright that if Presthus becomes party chairman and leaves the government, it will mean that the two other party chairmen, Kjell Magne Bondevik and Johan J. Jakobsen, will also have to leave the government. The political center of gravity will thus shift further toward the Storting. The political loyalties within the coalition will also shift. Not least Prime Minister Willoch knows the importance to his government of having the party chairmen and the most important politicians within the Center Party and the Christian People's Party sit together with him in the cabinet. It is never a good sign when important politicians want to leave their government posts. One merely has to recall the process of dissolution which was started when Kåre Willoch and Helge Seip in the past left the Borten government.

7262
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PAPER APPROVES PRESTHUS AS CHOICE FOR CONSERVATIVE CHAIRMAN

Oslo AFTENPOSTEN in Norwegian 28 Jan 86 p 2

[Editorial: "A Good Choice"]

[Text] In Rolf Presthus, the Conservatives have a chairman who can unite the party and who has the necessary political weight far beyond the Conservatives' own ranks. The unanimous choice of the election committee gives the Conservatives the chairman whom the party wants as a successor to Erling Norvik. Presthus can undertake his endeavors with the firm conviction that he has the solid support of both the party leaders and the party voters.

The popular finance minister obviously is leaving his post with a certain sadness. But he does not hide the fact that he welcomes the new challenges with both pleasure and anticipation. We do not doubt that the election committee has chosen the right man for the right post at the right time. Additionally, a better geographic balance has been achieved at the upper levels within the party.

We expect that the new party chairman will dedicate himself primarily to endeavors as the Conservatives' operations leader. In the dangerous parliamentary situation which we have today, the Conservatives need a coordinated political leadership. There is no reason for Presthus to undertake the role as a type of travelling secretary. Since he obviously continues as a member of the government, it emphasizes the nature of the demands which are being made on the other members of the leadership trio.

Contact with the party's elected representatives around the country obviously is important. But the choice of Presthus as chairman and his placement in the governing collegium require a different division of responsibility within the party than that to which one has become accustomed. We believe that the Conservatives will be served well by the chairman being given a real opportunity to concentrate on important political issues on behalf of the party.

The placement of the Conservative Party chairman within the government vouches for the best cooperation between the three ruling parties and it provides the Conservatives' new chairman with a solid political platform. We have no doubt that the cooperation-politician Presthus will manage to further the Conservatives' own cause without this occurring at the expense of the necessary political compromises relative to the Christian Democratic Party and the Center Party.

Permit us at the same time to clean up an obvious misunderstanding--as is said in parliamentary language. The possible shifting of Presthus from the Finance Department to the Defense Department obviously does not imply a lesser evaluation of defense and security policy. Also, no one has seen fit to suggest that Kjell Magne Bondevik's placement in the Church & Education Department means that the Christian Democrats do not place a high priority on that department's areas of responsibility. However, in a coalition, the finance minister stands in a unique position as the architect of cooperation. At any rate, this has been the case with Presthus as head of the Finance Department.

We would like to keep Presthus in that position. But things are politically neater now that he has been given a different position within the government. And the situation has not been made more complicated.

12578
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POLITICAL

NORWAY

LABOR PARTY PAPER CRITICIZES PRESTHUS NAMING TO DEFENSE JOB

Oslo ARBEIDERBLADET in Norwegian 30 Jan 86 p 4

[Editorial: "Good Choice"]

[Text] The Conservative Party's selection committee has unanimously nominated Rolf Presthus as new party chairman to succeed Erling Norvik. "A good choice," AFTENPOSTEN called it. And the main organ of the Conservative Party can safely--and correctly--say that even though it will be some time before the meeting of the national congress that will formally elect the new party chairman. The party congress does not play much of a political role in the Conservative Party. Decisions are made in advance.

According to AFTENPOSTEN Rolf Presthus is the right man in the right place. He is popular and has political weight far beyond the ranks of the Conservative Party itself. He could unite the party and do a good job of it.

If we remember correctly, these are about the same words AFTENPOSTEN used to welcome Erling Norvik when he strode into the chairman's office for the first time. Jo Benkow was also the right man in the right place when he took over from Norvik. It was somewhat different when Willoch, Norvik and a few others ousted Benkow from the chairmanship in order to reinstate Norvik. That was not a successful operation for the Conservative Party. It is obvious that it is not just in boxing that they never make a comeback.

We are willing to concede that Rolf Presthus is the best choice the Conservative Party can make. But, as the party itself is well aware, the problems of the Conservatives are not really connected with the personal characteristics of the party chairman. Although a lot of nice things can be said about Rolf Presthus as a person, it is hard to see him as a type that is obviously superior to people like Erling Norvik and Jo Benkow. The fact is that to the extent that any person is responsible for the Conservative Party, there is no one who measures up to Kare Willoch. That is the way it has been, that is the way it is now and that is the way it will continue to be as long as Kare Willoch chooses.

Although people are important in politics, in the final analysis policy is what counts. In the long run no party can float on a wave. The Conservative

Party's problems are political in nature. In this context too the Conservative chairman and the Conservative organization play a lesser role. The political center of power in the Conservative Party is currently located in the government. "Normally," in other words when the Conservatives are not running the government, this center of power lies in the Storting group.

Rolf Presthus will move from the Finance Ministry to the Defense Ministry when he takes over as Conservative Party chairman. He has no choice about staying in the government. Party chairmen Kjell Magne Bondevik and Johan J. Jakobsen will not accept Presthus as a freely operating Conservative chairman with no government responsibilities. If that were the case they would also leave their government posts to concentrate their political energies on Storting and party organization activities. The result of this would be to undermine the rest of the Willoch government. Everyone knows that, especially Prime Minister Willoch.

No matter how you look at it, it is not very flattering to put a politician in charge of the Defense Ministry because he wants calmer working conditions and more time to serve as party chairman. We see that AFTENPOSTEN is trying to explain the Presthus move by saying that "it is tidier from a political point of view when they are prepared to give him a different position in the government. It is as simple as that." Yes indeed.

6578
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LABOR, CONSERVATIVE PAPERS PERCEIVE COALITION STRAINS

Willoch Under Pressure

Oslo ARBEIDERBLADET in Norwegian 27 Jan 86 p 4

[Editorial: "Willoch's Slant"]

[Text] There was broad television coverage Saturday of Prime Minister Kare Willoch's speech to the annual meeting of the Oslo Conservatives. In the prime minister's eyes the Norwegian Broadcasting Corporation [NRK] fully measured up on this occasion to the news program in Kuala Lumpur, Willoch's favorite TV station ever since the coverage it gave of his recent visit to Malaysia. Even though Willoch was given free rein and no one refuted his remarks Saturday night on either the regular news or the evening news, we will not criticize NRK Television for this Conservative-slanted political presentation in prime viewing time. When the prime minister of this country makes a speech as demagogic in form and content as he did at the annual meeting of the Oslo Conservatives, it is the kind of media event that NRK has an obligation to broadcast to all of us. From our point of view it is a big advantage that Norwegian men and women gathered for a pleasant evening in front of the TV set on Saturday evening had a chance to see the prime minister showing his true colors. It must have made many people stop and think.

In Saturday's speech the prime minister used the recent drop in oil prices as a springboard for senseless attacks on workers' demands prior to this spring's income settlements and on the Labor Party's election campaign last fall. The prime minister is still hunting for scapegoats that can explain his and the Conservative Party's poor election showing.

The first thing that can be said about the drop in oil prices is that it is impossible to say in late January what the price level will be in the year ahead of us. It came as no surprise that oil prices fell somewhat; everyone with any familiarity with the subject had been predicting it. But one can criticize the government, and especially the oil and energy minister, for having pursued a provocative line with regard to OPEC. With a smarter attitude Norway could have helped prevent the price decline from being as big as it has been so far. And finally it is improper of the prime minister to talk about the negative effects of the drop in oil prices--which of course everyone takes seriously--without at the same time mentioning the positive impact that lower oil prices have on a large part of the Norwegian business sector.

We clearly see that the national economy calls for moderate wage settlements in the spring. But this is not due primarily to declining oil revenues. It is due to a much larger extent to the fact that the private sector's competitiveness has declined year after year ever since Kare Willoch took office as prime minister and Rolf Presthus became finance minister in 1981. The philosophy that tax relief would lead to lower wage increases has not worked out either. However contracts have become much less socially oriented. The situation now demands moderate settlements with a more social profile.

With his usual contempt for the precise meaning of words, the prime minister said that the Labor Party's campaign promises last fall were reckless and unrestrained with regard to the use of oil revenue. This has no foundation in fact either. The Labor Party never promised to use more of the oil money than has been spent under the auspices of the Willoch government. While the Labor Party wanted to use the money for investment, research and the development of a business sector that could stand firmly on its own feet, independent of oil revenues, a largely unnecessary consumption of luxury items has flourished as a result of the government's loss of control over credit policy. But because that is the responsibility of Prime Minister Willoch to a large extent it was not mentioned in Saturday's speech. The only time the prime minister mentions responsibility is when he is trying to push it over on someone else. But he is an expert at doing that.

'Danger' From Center Party

Oslo AFTENPOSTEN in Norwegian 11 Feb 86 p 2

[Editorial: "Joint Responsibility"]

[Text] The Willoch government's policy is the joint responsibility of the three coalition parties. They are three independent parties but it is a goal in itself to find forms of coexistence that can guarantee the continuation of nonsocialist rule. There will always be differences of opinion. The Conservative Party, to take one example, will have fundamentally different views on important issues in comparison to the Center Party. It goes without saying that each of the three parties has the right to promote its own views.

But the government for its part must discover compromises that all the participating parties can agree on and defend in Storting as well as in dealing with public opinion. Against this background it seems meaningless to us to call for the departure of specific cabinet ministers. People should also be careful about defining their own profile at the expense of coalition partners on issues that directly affect cooperation and those where it is obvious that there are divided opinions. That should be the first rule of life for the coalition. in such cases it should be natural to initiate consultations rather than write letters.

When representatives of the Center Party feel they can say on point after point that "the policies of the Willoch government are directly contrary to what the Center Party stands for," there is danger in the air. We will not deny that Center Party county organizations in Hedmark, Oppland, Telemark and Nordland have a right to demand a more active district policy. But when the Telemark branch of the Center Party draws the conclusion that "the Center Party cannot go on for long supporting a development that leads to the impoverishment of local districts," it is turning the issue upside down.

The same thing applies to the demand of the Hedmark branch of the Center Party that Municipal Affairs Minister Arne Rettedal be replaced with a Center Party cabinet minister. To the extent that the government's district policy has not produced the desired results, criticism must be directed against the entire government. Opponents can, as Ragnhild Q. Haarstad did last Sunday, call for a "complete change in the Willoch government's policy." But the criticism should be addressed primarily to the party's own government members. They cannot evade their responsibility.

Although we personally see a nonsocialist government as an overriding goal, we reserve the right to note what should be essential for a nonsocialist government and express our view on how cooperation should work. We have no doubt that most nonsocialist voters agree with us when we underline the necessity of arriving at adequate forms for cooperation and coexistence on the part of the three coalition parties.

We are not blind to the fact that in making critical comments on the recurring moves made by opposing forces we risk stepping on some sensitive toes. But political circles, including our press colleagues, must accept the fact that a newspaper also has a right and an obligation to have opinions. We will continue to fight for what we think is right and proper. No one is served by pretending that the opposing forces that have surfaced at various annual meetings of Center Party county organizations do not exist.

Center Party in Decline

Oslo AFTENPOSTEN in Norwegian 6 Feb 86 p 3

[Text] There is no doubt that the situation is serious for the Center Party. It is a small party in full retreat. That is how Bjorn Balstad of Gallup/Norwegian Opinion Institute [NOI] characterized the situation for the smallest of the three government parties. And Balstad also stressed that unrest and inner disagreement always have a negative impact on opinion polls, regardless of the party involved.

The head of Gallup/NOI is not concerned with the precise percentage points in the opinion polls through the years. This is not what counts. But over recent months the barometer has shown a level for the Center Party that has declined to somewhere between 5 and 6 percent. In the last Gallup/NOI/AFTENPOSTEN barometer reading the figure was 4.8 percent, a level of voter support that even if it expressed a random variation in this one poll still indicates a cause for concern with regard to the party's situation.

"The Center Party did well in the election and held its position for a month after that. But since then it has been going downhill, no doubt about it," Bjorn Balstad said. He has no doubt that the main reason for the Center Party's problems is internal unrest.

"As long as I have been working with opinion polls--and it has been 40 years now--it has never failed to have an impact on the polls if there have been disagreements or unrest within a party. This unrest, or the gap between top and bottom, to put it another way, is greater in the Center Party today than in any of the other parties. That has an effect.

"And," Balstad added, "Johan J. Jakobsen is well aware of the unrest that exists. I am just pointing out that unrest of this kind will always be reflected in opinion polls."

From 6.6 to 4.8 Percent

In the Storting election last fall the Center Party received 6.6 percent of the votes cast--close to 170,000 votes. The October political barometer from Gallup/NOI gave the Center Party a rating of 6.8 percent, after which it went to 6.5 in November, 5.8 in December and 4.8 percent in the January barometer from Gallup/NOI.

6578
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GOVERNMENT SETS OUT STRATEGY FOR DOMESTIC POLICY

Oslo AFTENPOSTEN in Norwegian 1 Feb 86 p 3

[Article by Lars Hellberg: "Government Takes Offensive"]

> [Text] An even greater emphasis in the health and social welfare sector, combined with moderation in nearly all other areas, and "accomplishment-conducive measures" (tax reductions). In a nutshell, this is the strategy of the Willoch government for further advancement of the welfare society in a situation where lost oil income weakens our freedom of choice. The first, and possibly decisive, test will be the spring's income adjustment.

The slogan "growth and defense" is more pertinent than ever before. Things are rather quiet as respects those "who knew what he was up to" when Finance Minister Rolf Presthus even before the election suggested a decline in oil income. The assertion that "we have enough money" for both growth and defense is no longer believable, if it ever was. The government, for its part, has reached the conclusion that it will be necessary to choose between difficult priorities and there is no doubt about what will receive the highest priority.

Care of the Elderly

"I don't know the government if it is not going to be the health and social welfare sector," Presthus said prior to the budget conference in Randsvangen. As usual, he knew what he was talking about. The all-out effort is being made in the area of care for the elderly, where the long-term goal is to improve living conditions and the availability of services, with a view to reducing the need for institutional spaces. Social Welfare Minister Leif Arne Heloe is in the process of working out a national health plan.

Being More Careful

But if the objectives in this and other areas are achieved, we all had better be more careful. The politicians and organizations will have to rid themselves of their expensive fads. We will have to cut our coat according to the available material. But above all, the government will have to prepare an accomplishment-conducive tax policy which will contribute to new growth in Norwegian industry. This is necessary if we are to be able to get through the strains which the decline in oil income is going to cause us.

The starting point for the strategy which the government has prepared is that half of the projected increase in expenditures over the long-term period up to 1989 will already be used up at the end of 1986. The economic situation requires pronounced moderation and the setting of strong priorities in our finance policies. But at the same time, the government must recognize that far from everyone acknowledges these actual conditions. There is a need for improved information concerning the limits respecting economic policy.

Credibility

To a great extent, it is an issue of credibility. The government must carry out a policy in a concrete manner which is consistent with the general guidelines on which the policy is based. Otherwise we will march right to the edge of the bottomless pit, and we are not talking about travelling first class.

The decline in oil income limits the government's freedom of action, but initially, people will feel only the positive effects. The decline in the price of oil will result in the majority of us having more spending money. The government's problem is how to convince people that it is necessary to use moderation in a situation where there is no evidence of any crisis as a focal point. In crude terms, one could say that we need to tighten our belts at the same time that we are gaining weight.

Understanding

On the positive side, the government can take note that it ought to be easier to have an understanding of the necessity for taking care of the well-being which everyone can see and enjoy. It is possible that the voters will understand the seriousness sooner than either the opposition in Parliament and organizations do so--as a prominent government spokesman put it the other day.

The main theme of the government's strategy is based on expanding the welfare state and organizing society better. Improved quality and a renewal of the school system will play a central role in the months and years to come. Starting with a revised master plan, basic and important subjects will be emphasized, while optional subjects will be limited of natural necessity. Young people will be given the education which will be required and which they will be able to use in a business world which has a need for them.

Transportation

A more effective transportation system also stands high on the priority list. The most important buzzwords: clarification of the issue concerning a main airport for the Ostland area, liberalizing the air transport concession policy, and expanding major highways in the Oslo area. These involve problems of enormous significance in connection with potentials for industrial expansion.

There also is reason to expect that the government will go on the offensive to ensure increased competition in the telecommunications and postal areas and regarding the increased use of private services generally. Deregulation in the area of personal transportation, special taxi services, and the sale of publicly-held interests in Linjegods and Narvesen also are among the issues which the government will propose.

From experience, returning functions to the private sector is one of the coalition's best cards. Experiments with more flexible and convenient business hours for selected public institutions will be given priority.

Tax Reforms

There also is reason to expect that the coalition will take a stand in favor of necessary tax reforms, with stimulation for increased productivity being a primary element. On the expenditures side, there will be emphasis on giving more effective support to basic industries. There will be increased emphasis on general support to districts instead of support for specialized industries.

Self-Irony

Self-irony is a necessary character trait in political activity--not the least when there are increasing snags. There are many in the governing elite who are well-equipped in this regard. By way of illustration, let me simply repeat one of the responses I received to a request for assistance in describing the government's strategy: "There must be a lot of space between the lines."

Modesty is a well-known virtue. But there are limits. The government itself is completely convinced that it must take the offensive. Unless it decides the political agenda along with the three parliamentary groups, it will be finished. As Prime Minister Kare Willoch pointed out during an interview with AFTENPOSTEN prior to Christmas, a government has an independent responsibility. No one ought doubt that the prime minister has greater objectives than administering haphazard decisions from a shifting parliamentary majority.

Better Contact

The relationship between the government which cooperates is better than even the wildest optimists had dared to think. There is a tendency at first for the center-party groups to interpret every proposal from the governing coalition as the starting point for a discussion about new compromises. A primary objective is "to improve" the government's proposal.

Things cannot continue in this fashion. In the ruling circles, all proposals for improved contact between the two power centers therefore are received with alarm. In the future, the rule should be as follows: "When the government and the department heads understand that political problems can arise, the first effort must be to clarify the proposals for the parliamentary delegation well in advance. Nothing should be left to chance."

As the Christian Democratic parliamentary leader Harald Synnes put it a couple of days ago, considerable irritation and wear-and-tear can be avoided if group leaders are involved in the decision-making process early on. The same is true, although in a slightly differ fashion, with respect to Carl I. Hagen and the Progress Party.

Without the Host?

As respects the fourth party which is included in the government's parliamentary foundation, the coalition does not have any clear plans. It is counting somewhat on the fact that when Hagen "no longer can play with fictitious cut-backs as a justification for his proposals on increased expenditures," perhaps he will find "his natural place," and as a by-product, vote for the government's proposal. It is possible that a government which otherwise is inclined to choose the political agenda and plan the future, will do so without its host.

12578
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HISTORICAL ROLE, FUTURE PROSPECTS OF EANES DISCUSSED

Errors Committed

Lisbon EXPRESSO in Portuguese 18 Jan 86 p 8

[Article by Maria Belo: "The Destiny of Eanes"]

[Excerpts] Ramalho Eanes is not a politician by training and perhaps not even by vocation. It would be more reasonable to agree that he is a politician by accident, an individual who appeared on the historical scene at a complex moment when many alternative lines intersected, at which time he became the temporary synthesis.

Ten years have passed since that singular moment. Ramalho Eanes and his two presidencies cannot be separated from his successes and his failures in these 10 years. It will not be possible to build our future securely as if this past had not existed, nor would it even be wise to try. The last time this error was committed, in 1974, the calm which would have allowed us to profit from the opportunities which were created then was lost in an excess of euphoria. The example of Spain, faced with a similar historical problem, shows us what we lost with our seeming originality.

It is easy to conceive of a future without Eanes. There is at least one candidate and one presidential program of high enough quality to guarantee democratic continuity under conditions of social advance and democratic development. But it would be dangerous to pursue that future in opposition to Eanes, after reducing him to a mere agent of a personal project lacking grandeur or political dignity, appearing in the end as a minor force supporting the proposal of those who were always, consistently and objectively, his adversaries.

The political actions of Eanes cannot be interpreted now in the light of his last steps, as if he had since the beginning worked to block opportunities and development, to keep unviable situations unchanged and to demonstrate that pluralistic democracy would not be a possibility in Portugal.

The Paradoxical Trap

As has happened many times, good intentions have in the end led to bad actions. The political prestige of Eanes, won and accumulated in successive battles, has now been invested in a dynamics he cannot control, and if success were achieved, this would destroy the political sector of Portuguese society and thus the possibility of a national program of recovery and development.

Eanes must not win now, because his victory would mean the defeat of all. But he must not lose, because his defeat would not mean victory for anyone. Portuguese democracy must not make of Eanes a second Costa Gomes.

It is not difficult to understand what has happened. At the end of his second term, Eanes sought to establish a bridge and the conditions for political continuity. If he had succeeded, this would have been positive. Unfortunately, he committed two errors. One was an error in timing, allowing a party relying on his name to appear to distort the interpretation of his decisions and intentions, bringing down in a single stroke the ethical base which took years to build. And there was an error of analysis, with the belief that the need to block the electoral possibilities of Pentasilgo and Amaral required the nomination of a separate candidate which, by definition due to the electoral distribution in Portugal, would only be possible with the basic, specific and eternally unchallengeable support of the Central Committee of the PCP [Portuguese Communist Party].

It was these two errors, in time and analysis, which allowed the extraordinary step, attempted in Portugal for the first time, of limiting the application of the term democratic parties to the PCP, the MDP [Portuguese Democratic Movement] and the PRD [Democratic Renewal Party]. What this shows and proclaims is so obvious that no comment is needed. There is no continuity between this step and the political actions of Eanes as president of the republic. Will he agree to this as a statement of his future actions as a political leader?

What is at issue in this trap into which he has allowed himself to fall is not merely a matter of consistency with his past actions and with his voters, nor an analytical matter involving his errors in time and analysis. What is at issue in this trap is what the goal of those who created it will be--it is the inevitable and inherent indication of what, beginning now, the code for the interpretation of the political actions of Eanes will be.

Sense of Urgency

As a citizen, the outgoing president of the republic has every right to his choices. As the president of the republic ending his term of office, this citizen has strict duties to the democratic community, among other things because he knows without a shadow of a doubt that his prestige is needed for many future situations and for possible developments which must be taken into account.

I am not undertaking to analyze here the strategy of intervention in the presidential elections with which Eanes has allowed himself to be associated. What it is important to me to emphasize is the need for Eanes to avoid slipping into this catastrophic situation into which he could drag much more than himself. He would be taking with him not only the institutional prestige, which would thus be marked, as was the case during the First Republic, by the idea of tolerance of the widest variety of political ventures, but also the very notion of consistency and politics itself.

The best and most essential hope is that Eanes avoids all this, to the surprise of all those who believe in his fidelity to the values of pluralistic democracy without temporary deviation.

If this is no longer possible, if the sense of urgency has not already been felt, we will all have to interpret the extent of the error which will be made, with all its consequences.

Future Candidacy

Lisbon O DIABO in Portuguese 14 Jan 86 p 8

[Article by Norberto de Andrade: "The 'Threat' of a President-King"]

[Text] General Ramalho Eanes, who for 10 years was unable to become the president of all the Portuguese people (because he did not want to, could not, or even because if he wanted to, he could not have), but who succeeded in less than 3 months in asserting himself as the president of all the Zenhas, has said that if the next president of the republic conducts himself "properly," he does not intend to run for the presidency in 1990. Logically, then, if the next president does not "conduct himself properly," General Eanes will consider the possibility of trying for his third presidential term in 5 years time.

He himself stated this to journalists, prior to the luncheon which, on the pretext of commemorating his reelection, served basically and solely to give public support to Doctor Salgado Zenha, an associate of the president and the advocate to whom that phantasmagoric troglodyte, Veloso, entrusted the task of sponsoring the interests of the PC [Communist Party].

General Ramalho Eanes never ceases to try to surprise the country which, to speak the truth, has little reason to be surprised by anything at all. Especially by General Eanes.

For years on end now, a certain number of individuals--subservient, opportunistic, with evil intent or simply prankish, or all the above--have gone about convincing General Ramalho Eanes that he was providential and irreplaceable, and he ended up believing that he was, and naturally he decided to remain in the presidency. Since because of constitutional limitations he cannot continue in the Belem post himself, he decided to attempt to retain power by interposing Zenha, who would serve for 5 years as the regent (not an agriculturalist, this time) for the Alcains dynasty.

The "threat" of a return in 1990 is an exercise in Sebastianism in the short run, and must be viewed in the light of this dynastic intent. When General Eanes refers to the possibility that his successor might not "conduct himself properly," he obviously is not thinking of Dr. Salgado Zenha, because he, as his "alter ego," would behave "very properly," to the point that it would be only minimally noticeable that General Eanes had stepped down. What does it matter to the dynastic program whether General Salgado Eanes or the civilian Ramalho Zenha is in office? The complete identification of goals, resources and support, and the doting admiration they voice for each other make it certain that nothing basic will change in Belem, only that necessary so that all can remain the same.

In speaking of the possibility that the next president of the republic might not conduct himself "properly,' General Eanes has in mind Professor Freitas do Amaral or Dr Mario Soares (Engineer Pintasilgo is not likely to appear in the General's possible scenarios, because if this had been the case, he would probably have supported her at the proper time). Since in the General's view, Dr Mario Soares, and more importantly, Professor Freitas do Amaral, would behave very "improperly" in the presidency (for years now we have known what "proper" means in the Eanist vocabulary), the election of either of them would represent a perilous interregnum in the development of the dynasty, which it would be urgent to bring to an end as soon as possible.

The message is clear. Either Ramalho Eanes will continue in the Belem post under the psudonym Salgado Zenha, and, given this hypothesis, the administrator of the General's affairs might aspire to a second term, or he will be replaced by Freitas do Amaral or Mario Soares (the "candidates of the right," to use the PC-PRD phrase), and then the General would reappear in 1990, astride his lanky Ribatejo mount, to resume the throne which belongs to him by right (divine, presumably), on which he will not be replaced by his son only because a killjoy constitution, not content with prohibiting reelection a second time, does not permit the election of those under 35 years of age.

What impresses one most about General Ramalho Eanes is the tremendous speed with which he reveals himself. He has never succeeded very well in concealing his inexplicable ambition, but recently he has outdone himself, completely losing any sense of measure and appropriateness, and the very concept of modesty in politics itself.

As the worst kind of blindness is the unwillingness to see, those who still have doubts about what General Ramalho Eanes wants and how far he is capable of going will never succeed in understanding all the very serious dangers which underlie the candidacy of Dr Selgado Zenha. And Eanes' plan to run for office again in 1990.

5157
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POLITICAL SWEDEN

TOUGHER TONE DISCERNED IN FOREIGN AFFAIRS, SECURITY DEBATE

Stockholm DAGENS NYHETER in Swedish 10 Feb 86 p 2

[Editorial: "Sweden Makes Abrupt Turn"]

[Text] While Olof Palme prepares for his trip to Moscow the atmosphere is being intensified in his direction in the country. Several aspects of the security policy debate are marked by an international harsh and shrill tone. And the current conflict is not just party-political bickering about procedures between the prime minister and the Conservatives.

Both of these main Swedish foreign policy antagonists have remained outside of two arguments which arose in January.

The first was begun by Ambassador Sverker Astrom when he claimed in SVENSKA DAGBLADET that Liberal Party leader Bengt Westerberg had, in a couple of speeches, made an "extreme statement" to the effect that peace was at risk unless there is a democratic development in the East. The second debate was started by Navy Captain Hans von Hofsten who, in DAGENS NYHETER described an alarming picture of Soviet preparations for war in our country.

The silence in the leading Social Democrat and Conservative quarters is not the only thing which makes these debates noteworthy. Both Westerberg and von Hofsten have been sharply criticized in the Moscow press, the latter in a characteristically nasty way with a charge of mental illness. The most interesting feature of the two debates is that so many of the inputs lack any reference to what is happening on the main political stage--between the United States and the Soviet Union.

What Sverker Astrom was opposed to was Westerberg's statement that "nothing would do more for a real peace than if the communist regime in the Soviet Union were replaced by a democratic regime." He [Astrom] believes that "it would be proper if Sweden were the only country with a Western democratic system which is adhering to a purely ideological perspective in a world situation which requires common efforts by all countries to reduce the risks of war."

For his objections--and primarily for an unfortunate reference to the Helsinki document on cooperation and security in Europe--Astrom has since been criticized. Westerberg, a little unnecessarily, said that he was "sent forth by Palme." Others spoke of his being "ensnared," "hypocritical," and "polluting the atmosphere."

Astrom says that he was alluding to Palme, among others, when he mentioned "insults and exaggerations" in the debate. He stubbornly insists, however, that Westerberg advocated "the overthrow of the communist regime in the Soviet Union," an assertion which Westerberg can easily reject.

The problem with Westerberg's reasonable position is that it resembles that of cold warriors in the West when they try to stop the relaxation of tensions and disarmament efforts. How Westerberg wants his picture of the Soviets to be interpreted is obviously interesting, considering that he is the leader of a successful opposition party and must be considered as a possible future prime minister.

The von Hofsten debate of course illuminates another problem entirely--the reaction of public servants to the politicians' way of managing security questions.

When three out of four regimental commanders and flotilla commanders agree with an Army officer's assertion that our ability to manage our security policy is beginning to deteriorate, this is naturally partly a cry for more money for the defense forces. Their thesis is that the Soviets are preparing for war within Sweden--"anything else would be an oversight in the discharge of their duties." The risk of an isolated attack against us "one Christmas Eve" is emphasized. But the question of whether the threat of war really has grown is not discussed.

When Carl Tham criticizes the officers for being out of step with international developments he is reflecting an irritation within the government and the foreign ministry leadership. Tham is surprised that the officers' "foolishness" is respectfully received by the nonsocialist press, and with careful mutterings by the social democratic press. Very correctly the defense minister said that it is "good" that the officers express their views and his undersecretary speaks openly of a "serious defense discussion."

Tham is especially concerned that the officers are only discussing the threat from the Soviet Union, when obviously both superpowers are making their moves and countermoves. The question then becomes what different conclusions the foreign ministry would produce, with its well-considered analyses, threat pictures and tension-reducing measures.

Shrill and narrowminded offerings are certainly a problem before Palme's trip--but so are the indications that Sweden is still exposed to submarine violations.

9287
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MILITARY

EUROPEAN AFFAIRS

ADVANCED AIR DEFENSE SYSTEMS EXHIBITED AT NATO CONFERENCE

Bonn WEHRTECHNIK in German Dec 85 pp 62-66

[Article by Wolfgang Flume: "NATO Air Defense--Conference and Exhibition in Fuerstenfeldbruck"]

[Text] Twice a year a conference of the NATO Air Defense Committee (NADC) takes place, normally in Brussels. It was thus one of the rare exceptions that high-ranking officers from the NATO states, led by the deputy secretary general of NATO and NADC chairman, Ambassador Da Rin, this time met for their conference from 23 to 26 September 1985 at the air base Fuerstenfeldbruck. But even more remarkable: With the support of the Luftwaffe, the German industry had the opportunity to display to interested NATO observers air defense systems and equipment planned, under development, or in production.

Similar "notions" of inviting the NATO Air Defence Committee and showing its members weapons systems were already entertained by the British and the French, who had asked the NADC to come to London on the occasion of the air show in Farnborough, and to Paris--naturally in conjunction with the Aero Salon. Then, at this year's Aero Salon, the suggestion was made by the BDLI [Bundesverband der deutschen Luft-und Raumfahrt-Industrie--Federal Agency of the German Aeronautics and Space Industry] to give the high-ranking NATO officers an overview of several projects of German industry on the occasion of a conference in Germany. The Luftwaffe picked up on the suggestion: As the host of the NADC conference from 23 to 26 September 1985 in Fuerstenfeldbruck, it portrayed, together with the armament department and German industry, how German air defense planning is put into practice. Only selected air defense systems and associated control systems were shown--not shown, for example, was PATRIOT, since it is not yet with the Luftwaffe, and likewise not HAWK, the system which in the opinion of the Luftwaffe must absolutely be replaced by the end of the millenium. Thus the systems set up in and in front of a hangar in Fuerstenfeldbruck ranged from the 20mm AA gun to the NATO AWACS system that was procured with German participation, from a model of the Fighter Aircraft 90 to the F-4F fighter and models of the components selected for upgrading its combat effectiveness.

It should be noted that this conference of the NATO Air Defence Committee, the deputy chairman of which is Luftwaffe Major General Bahnemann, could not have taken place without the active support of the German industry--not only the directly involved German aeronautics and electronics industry, but also other firms such as BMW, which made several automobiles available, for example. And Bavaria herself put her best foot forward with a radiant white and blue sky, and many a NATO officer will probably not soon forget the Octoberfest [in Munich].

The effort expended to prepare the exhbit, which was visited for circa 2 hours by the approximately 80 participants of the conference, was also very high. A pity, only, that an organized tour by the officers and officials, perhaps in one or two groups with an official guide, was not arranged. As a result, everyone gravitated toward whatever interested him--without necessarily gaining a good overview in the process, however. The "freedom" was very much welcomed by the participants, however.

The Exhibition

Krauss-Maffei showed the second prototype of the light air defense system WILDCAT, a joint development of that firm together with Signaal and Siemens, and with the participation of Mauser, Heckler & Koch, KUKA and AEG. This new turret with a race ring diameter of 2.2 m is designed for a 2-man crew and can thus be used with all wheeled and tracked vehicles which normally accommodate the crew--except for the driver--in the turret. The turret was shown on a MOWAG SHARK 8x8 chassis--this was done to show that the most diverse chassis can be used for WILDCAT. The turret is supposed to be completely checked out by the middle of next year. It again has two 30mm guns made by Mauser, but this time with a beltless ammunition feed system developed by Western Design/ Heckler & Koch. The search radar stems from Siemens. Signaal is responsible for the optical fire control facility. This consists, among other things, of a digital computer by Signaal, a thermal imager from Philips Usfa as well as a laser range finder from Ericsson.

Also shown was a model of the crew compartment trainer designed for WILDCAT. The simulator, which weighs 320 kg, serves for training of the crew and can simulate the air surveillance radar, the optical target tracking via a CGI visual system, movements by the target and the carrier vehicle, and environmental conditions. For evaluation purposes, the reactions of the students are recorded.

Siemens called attention to its many air defense-related activities--shown was the BCP being offered as the air defense command post ROLAND (FGR) with an integrated DR-641 radar, as well as the mobile L-band air surveillance radar DR-151 with a range of 45 km, which could be used, for example, in an air defense system against low-flying aircraft. It can be set up in about 2 hours. Up to eight of these radars can relay their radar displays to a center--a Control and Reporting Center (CRC)--where the synthesized air situation is displayed on four consoles.

Intended especially for ROLAND is the ROLAND Coordination Center (RCC) by Euromissile, which was previously presented in WEHRTECHNIK 10 and was shown in Fuerstenfeldbruck, and directly next to it stood a prototype of the wheeled ROLAND intended for the Luftwaffe. The production model of this ROLAND will also have only two launch-ready missiles on the fully traversable turret atop the shelter. One RCC, the design of which was to a considerable extent influenced by Thomson-CSF, can coordinate up to ten ROLAND and five tube weapons systems simultaneously--if necessary, the capacity can be expanded up to 40 weapons systems. The RCC shown in Fuerstenfeldbruck was contained in a trailer-transported shelter, the version being offered as FGR can be transported on MAN 10 ton gl trucks.

AEG exhibited--with a crew from the air defense school in Rendsburg--the TRMS air surveillance radar with unidimensional phase-guided antenna. This C-band 3-D radar, depending on its design, has a detection range of between 50 and 200 km with an elevation coverage up to 6 or 30 km. Antenna and evaluation vehicle are linked by a 300 m long cable.

AEG wants to continue the modern radar technology created by the TRMS in a family of products (C-band line), which, among others, includes the following radars:

--TRM-L. 2-D radar for installation defense

--TRM-A. #-D radar with biaxial phased-array antenna for artillery observation

--TRS-S. 3-D multifunction radar for use on ships

--TRS-C. 2-D search radar, also for use on ships.

Also mentioned by AEG was BLAST (Boden-/Luft-Akquisitions- und Stoersystem) [Air/Ground Acquisition and Jamming System], a mobile tactical electronic warfare system for monitoring the frequency spectrum and active jamming, e.g. of enemy airborne/shipborne and surveillance radars.

The working group for medium air defense missile system [Mittleres FlaRak System--MFS] (AEG, MBB and Siemens), by means of visual displays and several older test components such as a 1 kW phased-array radar antenna and a missile radar homing head, called attention to the suggestion for a successful to HAWK. A period of 13 years is estimated for development (from the time of the tactical requirement to its introduction). A firing unit of the MFS includes a fire control point, a multifunction radar, and six launchers up to 5 km away with a total of 36 to 54 missiles.

Exhibited for the first time was the ground launch equipment for the SIDEWINDER AIM-9L missile, based on a proposal by the firm BGT and now carried as equipment under development. Following the tendering of bids, KUKA was awarded the contract for development, which comprises the construction and testing of three prototypes. The four missiles are situated on the familiar single launch rails LAU-7/A-05, which are vertically adjustble and attached to a traversable mount. Target detection and tracking are accomplished with a TV camera on the launcher. The operator sits to the side in front of a TV screen and controls the completely traversable launcher by means of a small control column until the IR seeker head of the missile has locked in on the target. Testing is to begin in mid-1986; the introduction of a larger number of systems into the Luftwaffe for point defense, to supplement the ROLAND system, is planned for 1987. The missile launcher can also be used for the new air-to-air missile ASRAAM, being developed by the British and the Germans, to which BGT, the German firm involved in the development, also called attention. This very simply designed equipment, which is transported by a two-wheeled trailer--similar to the way the 20mm AA gun is transported--(the trailer also carries the power generating equipment), is also considered by the firms to have certain export possibilities, especially to countries using the SIDEWINDER as an AAM. This is not the first use of SIDEWINDER for air defense purposes; the American CHAPPARAL system is similarly configured.

KUKA Wehrtechnik [KUKA Military Technology] also called attention to the development and production of turrets for armored vehicles, including, among others, the one-man turret F-5 for 20 (or 25) mm automatic cannons on a transport tank 1 FUCHS. This combination, together with other systems (including the KUKA turret 605 with 12.7mm machine gun), also some from other NATO states, was tested in Putlos for explosive ordnance disposal (EOD) purposes on airfields. Mines lying on the runway, for example, had to be quickly and precisely destroyed or neutralized by automatic cannon fire. This is important so that airfields can be quickly made operational again following an air attack, and so as not to endanger runway repair crews through undetonated bombs or mines.

Contraves exhibited the low-flying aircraft defense system SKYGUARD. It is being offered, among other things, to naval aviation as a successor to the obsolete fire control system being used with the 40mm AA guns assigned to naval air bases. In addition, Contraves showed one of the two SKYGUARD low-flying aircraft acquisition systems purchased by the Luftwaffe, identifiable by the TV "cannon" next to the pulse Doppler target tracking radar antenna. With this TV camera, 30 cm high numbers or letters on aircraft can still be made out at a distance of 6 km. Also belonging to a SKYGUARD low-flying aircraft surveillance system is a truck-transportable evaluation van.

The exhibited AWACS aircraft was naturally also the object of considerable interest. Those responsible for the international AWACS program are very satisfied with the way the program is running; indeed, it was even possible to realize a saving of funds, which can now be used for a number of minor measures designed to increase combat effectiveness. The German industry, as well, should be more than satisfied with the program, since more compensation will probably go to German industry than the FRG's share of the funding of the AWACS would warrant.

MBB--more in the form of models, visual aids and brochures than as hardware--presented its activities with respect to combat effectiveness upgrading of the F-4F and development of the Fighter Aircraft 90. Since many combat effectiveness up-grading measures relate to avionics, a special rig just for avionics testing was developed.

In the open area, in front of an F-4F, those modules were exhibited which already now have been selected for combat effectiveness upgrading. This includes the laser gyroscope navigation system H-423 from Honeywell with a laser gyroscope developed in the United States, which is to be replaced as soon as possible by a laser gyroscope developed by Honeywell Sondertechnik [Honeywell

Special Technology] in Maintal. Also selected were the digital air data computer GEC Marconi CPU-143/A, the mission computer LR-1432 from LITEF (the same computer is also installed in the TORNADO), the airborne radar Hughes AN/APG-65 (GY), as well as the eject launcher for the radar-guided ASRAAM missile from Frazer Nash. This equipment makes it possible to mount the four missiles of the F-4F very closer to the fuselage; at launch the missile is moved away from the fuselage by two gas-actuated pistons, so that the exhaust of the missile engine does not damage the airframe. In addition, this suspension of the missiles offers less resistance and makes the pylons previously used available for other weapons. This missile mount is a further development of a similar launcher for the likewise radar-guided SKYFLASH of the TORNADO of the RAF.

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NBC DEFENSE EQUIPMENT DEMONSTRATED AT TRAINING EXERCISE

Bonn WEHRTECHNIK in German Oct 85 pp 70-71

[Article signed 'wi': "Yellow Cloud '85"]

[Text] The Swabian Jura showed itself at its best; which means: the weather was this way and that. The Middle Army Group (CENTAG) had summoned the nations which are represented in its sector to Stetten at the cold market place for the "Yellow Cloud '85" defense exercise. But even the French, who are constantly represented in Stetten by a troop training garrison headquarters and various units, participated. The Italians were represented by observers since the array of NBC defense means and decontamination devices was diverse and interesting. In addition to the military personnel, however, the disaster protection school of the state of Baden-Wuerttemberg and the Alfred Kaercher firm from Winnenden, which is the leading one in the decontamination sector, was also fully involved in word and deed.

But first the "war" took place in the assembly hall. The French made a presentation about their own developments and processes in detecting chemical agents and detoxifying them. Of similar interest were the explanations which were given by the representatives of the disaster protection school concerning the use of NBC defense agents in the civilian sector. Anyone who thought that nothing was going on in the civilian sector in respect to NBC defense was set straight. The Kaercher firm which was mentioned above presented its most recent developments in the decontamination sector. It was far more than just polite interest which the audience gave the Kaercher products.

Canada emphasized in particular the soldier's defensive measures. Although all the countries exhibited almost identical equipment items, the attentive observer could nevertheless identify the famous fine differences. This was especially apparent here in the items which in general are small and unwieldy, especially if it is kept in mind under what outward circumstances they are to be used. The detection agents are not only those which are brought out in the open in large quantities. Practical handling with heavy gloves determines usefulness. In this the Canadians were best equipped.

The French soldiers appeared like creatures from a different star; they made a strange impression under their protective suits with the pointed cowls. But here, too, as elsewhere, personal protection will be fully guaranteed. The admission that in spite of good protection the equipment should not be worn for too long a time does not reflect anything special. All protective suits which have been developed by the different countries have this drawback. In addition to the otherwise usual detection devices for NBC agents the French showed the prototype of a new NBC protective mask. The French army is soon to be equipped with it. Better vision and identification is supposed to be possible with it. It has a microphone, a new filter for easier breathing; it is lighter, and it is supposed to be possible to eat with it on.

On the German side, basically only the same and similar equipment items and detection agents were also shown, such as those that are also in use elsewhere. Nonetheless, in this instance the FUCHS detection tank with its comprehensive operational capabilities stood out. The Sonthofen NBC defense school has created something really impressive with this vehicle. The large equipment which is operated by four soldiers not only helps in local detection of poisoned, contaminated or radioactive terrain, it also has transmission capabilities which make it possible for the higher command to coordinate more purposefully NBC defense measures. Naturally the NBC defense company showed its entire line of equipment.

The U.S. equipment was introduced by the 11th Chemical Company of the U.S. Army in Europe. Here, too, there was nothing exceptional to be seen. Which in this case says nothing about practicability or effectiveness of the agents and equipment. On the contrary, it became more than clear that in the NBC defense sector almost everything is compatible.

The equipment which was exhibited by the Baden-Wuerttemberg disaster protection school was very similar to the military equipment. In this case the emphasis was clearly in the decontamination and mobility sectors.

Kaercher showed its decojet-trailer for comprehensive decontamination of material, people and equipment. The second day was out in the field. Here the different countries showed the practical operation of the existing NBC defense means. The French showed the detoxification of an area after a chemical attack by a helicopter. As in the case of use against a horde of insects or for other necessities the decontamination agent was sprayed using booms.

The Americans showed decontamination in stages from vehicles.

The Germans had used a small combat situation as a basis for their demonstration. After an armored column had been surprised by a spray attack from the air, the FUCHS detection tank was called upon. It took samples of the soil and marked off the boundaries of the poisoned area.

The armored column first went into a holding area from which then later the tanks were called upon in pairs for decontamination. The evaluation of the situation in this case was based on the fact that the personnel had not been injured because during the attack excess pressure had been immediately created inside the tanks.

Finally, Kaercher also presented its decojet-trailer with the available modules. In this case not only the tanks, but also the tank crews were poisoned. Everything was presented in a genuinely real way, the soldiers were permitted to keep only their bathing suits on. The simultaneous decontamination of people and equipment produced visible saving of time.

The NBC medical lock which is found in the Bundeswehr's medical companies concluded the exercise. It is placed ahead of medical facilities, such as the mobile field hospital, the military hospital or less common collection stations. Triage, lifesaving treatment of contaminated wounded (wounded who are affected by radioactive substances, biological or chemical agents), decontamination of wounded, producing the ability to absorb wounded for the medical facility, the operation of water transport and water supply, the operation of a field laundry and the drinking water filter equipment were introduced in stages.

The responsible NBC defense officer at CENTAG, Lt Col Hans-Joachim Tregr, hopes that cooperation in the NBC defense sector throughout the alliance will become even closer because of these and other events.

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MILITARY FEDERAL REPUBLIC OF GERMANY

NAVY'S COASTAL SECURITY, LAND TRANSPORT TRAINING SKETCHED

Bonn MARINE in German Nov 85 pp 30-31

[Article by Siegfried Kuhn: "Clear Head and Clear Anchor"]

[Text] Grossenbrode, a seaside resort on the east coast of Holstein, with a population of 2,300. A place with tradition. In 1937 a large naval air base was created, not long after a torpedo school was established. In the postwar years the military land was used as a ferry port to Scandinavia. Not until 1963 did the Navy return to Grossenbrode. The 4th amphibious transport battalion, which was later integrated into the 2nd amphibious transport battalion in Emden, occupied the area until 1969. Finally, on 1 October 1969 a navy coastal service school was established here, the central training site for all officers, noncommissioned officers and men who are utilized in coastal service.

Training and service at this large school, which also includes the basic training detachment and the training center for reservists in Glueckstadt (see MARINE March 1985 "Protection of Facilities and Installations Is Necessary"), are oriented toward efficiency in training: The coastal service or officially Application Range 7--transport system and navy security service--represents an indispensable component of the navy and reflects a long tradition. Soldiers from this sector are used in motor transport operation (Application Series 73), in vehicle technology (Application Series 74) and in the naval security service (Application Series 76).

The curriculum-based training of the active soldiers and reservists for this application is implemented in Class A of the navy coastal service school. The key points are leadership training for navy security troops at all levels for Application Series 76 and skilled military training and special courses for men, noncommissioned officers and officers in the other sectors of the coastal service. Principally this includes the training of commanding officers and engine technology petty officers second class for beachmaster landing boats, leadership training for supply and transport tasks in Application Series 73 and courses for acquiring certification to operate large equipment in the coastal service such as vehicles and special equipment for transshipping and supply. In addition, there are courses for maintenance personnel in the coastal service, thus for soldiers in Application Series 74.

"Motor transport operation" means the navy's transport system which guarantees the transshipping of material and the transporting of people. It is a subsector of logistics and helps the naval forces, naval aviation forces and naval land units in establishing and maintaining their serviceability. The soliders in Application Series 73 acquire the skill to drive and operate the necessary vehicles in Grossenbrode.

The transport and transshipping means from the motorcycle to the automobile, the crane to the aircraft refueller, assume a maintenance component which is available in the form of vehicle workshops in the various sectors of the navy. Here the soldiers of Application Series 74 work in capacities ranging from maintenance personnel to workshop manager (vehicle master) and head of the unit. The essential craftsman skills and the necessary theory are taught in courses at the navy coastal service school.

Naval facilites, such as command posts, bases, depots, communication facilities and naval air bases, are facilities which are particularly in need of protection. The navy security troops are entrusted with protecting these facilities in cooperation with the combat forces in the territorial army. As needed, they must also, as additional tasks, provide convoy service for naval land transports. The naval security troops must be comprehensively equipped, organized and trained in a manner appropriate to the threat from attacks by air, sea and land. Indispensable prerequisites for this are intensive training in all hand weapons and the 20-mm field gun as well as tactical training in protecting facilities and installations.

Training in the security service is hard and requires discipline and a willingness for combat on a special scale. It is implemented in class A of the navy coastal service school in a total of 33 courses. Supplementary training takes place in the TSK [service component] army.

Steady feedback through the unit ensures that training is maintained at the newest level and the soldiers can assume their new duty posts well prepared after successfully completing the curriculum at the navy coastal service school. They are first placed in naval security companies at naval bases and in the naval air squadrons as well as the beachmaster company in Eckernfoerde. But the naval company of the guard battalion in the Ministry of Defense also consists of series 76 members and the noncommissioned officers in the basic training units who teach all sailors the first lessons about everyday military existence themselves became soldiers in Glueckstadt.

In Glueckstadt, on the lower Elbe River, all soliders in the coastal service begin their time in the navy with basic training, the practical part of which in large measure does, of course, take place in nearby Itzehoe. The Nordoe garrison training area whose sandy soil has absorbed many drops of sweat from soldiers is here; and marksmanship training with hand weapons is also done in Itzehoe at the Basten firing range.

In spite of the hard training--adventurous daredevils are not in demand in the coastal service. Reliability and know-how are primary in fulfilling tasks, guaranteeing the combat readiness of the armed forces in an emergency, true to the motto that the soldiers of Application Range 7 adopted at the naval coastal service school from their action insignia: clear head and clear anchor.

12124/13104
CSO: 3620/172

SOVIET DEFENSE MINISTER SOKOLOV TO VISIT IN SUMMER

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 86 p 3

[Article: "Soviet Defense Minister Will Come to Finland, Pay Return Visit Surprisingly Soon"]

[Text] Soviet Defense Minister Marshal Sergey Sokolov will make an official visit to Finland. The Defense Ministry has begun preparations for the visit but does not want to release any details yet, "because nothing has been given final approval."

According to news sources, Sokolov's visit is scheduled for the summer.

Defense Minister Veikko Pihlajamaki presented Sokolov with the invitation last August during his visit to Moscow, so the return visit will be paid surprisingly quickly.

The last time a Soviet defense minister visited Finland was in the summer of 1978. That visit by Marshal Dmitriy Ustinov caused a considerable international uproar when Ustinov--during unofficial discussions--brought up joint military maneuvers by Finland and the Soviet Union. President Urho Kekkonen nipped that idea in the bud.

Sokolov, 74, has been defense minister for only a year. His trip to Finland, if it comes off, will be his first visit as minister to the West, as far as is known.

Sokolov has distant military experiences with the Finns. He was chief of staff of the armored and motorcar troops on the Karelian front in 1943-44 and later was commander when the Maaselka isthmus was emptied of Finns. Among those who marched home was soldier Mauno Koivisto.

Sokolov is a candidate member of the CPSU Politburo.

12327
CSO: 3617/66

ARMED FORCES CHIEF URGES STRATEGY TO DEAL WITH NONWAR CRISES

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 86 p 7

[Article by Martti Heikkila: "Defense Forces' Commander Asks for New Attitude Toward Defense Policy: There Is Crisis Between War and Peace"]

[Text] The leadership of the defense forces is stirring up a debate on the basic tenets of Finnish security policy. Intertwined in the new debate package are the preparedness law which is being drafted, the concept "crisis management" and its preconditions, and the material capacity of the defense forces to fulfill the tasks assigned to them.

General Jaakko Valtanen, commander of the defense forces, says he wants above all to dispel the fairly common notion that in matters of war and peace there are only two alternatives: profound peace or all-out nuclear war. "Between the two there lies a certain kind of gray area, a situation in which peace wavers but relations between the parties concerned have not reached the critical stage of military operations between mobilized armies, or war," says Valtanen.

"It is the generally--even internationally--accepted view that the danger of war in Europe has decreased. If the situation should become very critical, however, it is most likely that the parties concerned would resort to political, military, and economic measures such as threats and enticements, economic pressure, blockades and embargoes, economic aid and support, deployment of troops, military maneuvers, and repeated threats of military operations."

At the climax, according to Valtanen, the methods would be sabotage, terrorism, and provocative incidents.

"There is no reason to suppose that neutral countries like Finland would remain unaffected by such measures. We should not imagine we live in such a fairy-tale land," he warns.

"Crisis management is the name we have given to action by the defense forces to keep such exceptional situations under control. In menacing circumstances below that of open warfare, this action gives our security policy the kind of military support that can prevent our involvement in a real war," sums up Valtanen.

Researcher Doubts Need for Land Forces

In a comprehensive article published last autumn in YDIN, research specialist Pertti Joenniemi of the Tampere Institute for Research on Peace and Conflict presented his view that the foundation of Finnish defense policy has cracked for two reasons.

For one thing, "the 'suitable' threatening picture supposed by the defense policy of a small country like Finland does not seem to exist between all-out war and absence of war." Joenniemi also considers the concept of land war obsolete, because the "alternatives are quite clearly all-out war or absence of war." In his opinion, therefore, the improvement of land forces which is now under way rests on old-fashioned thinking, and he calls into question the need for general compulsory military service.

According to Joenniemi, the "method of preventive crisis management is essentially a new doctrine," a kind of stalemate theory. The new feature of Valtanen's doctrine, writes Joenniemi, is that all sorts of theories on the nature of potential war are disregarded.

"But I have not disregarded them," says Valtanen. "I have stated many times that if the situation should develop into an armed conflict between the superpowers, it would always begin, in my opinion, as a conventional war using traditional weapons. I believe that a protracted conventional war on the model of World War II is very unlikely, because even a war which began conventionally would inevitably expand into a nuclear war."

What kind of war would be possible?

"What remains is a conflict which began with conventional weapons, a series of battles between armed troops, but in order for the war not to expand into a nuclear war, a swift solution should be sought and there should be a quick return to a condition of peace. Both sides know that expansion of the conflict into nuclear war is intolerable to both sides."

Vice Admiral Jan Klenberg, chief of the general staff, has said that the phase of traditional war "could be violent, destructive, swift and--because of these very qualities--short."

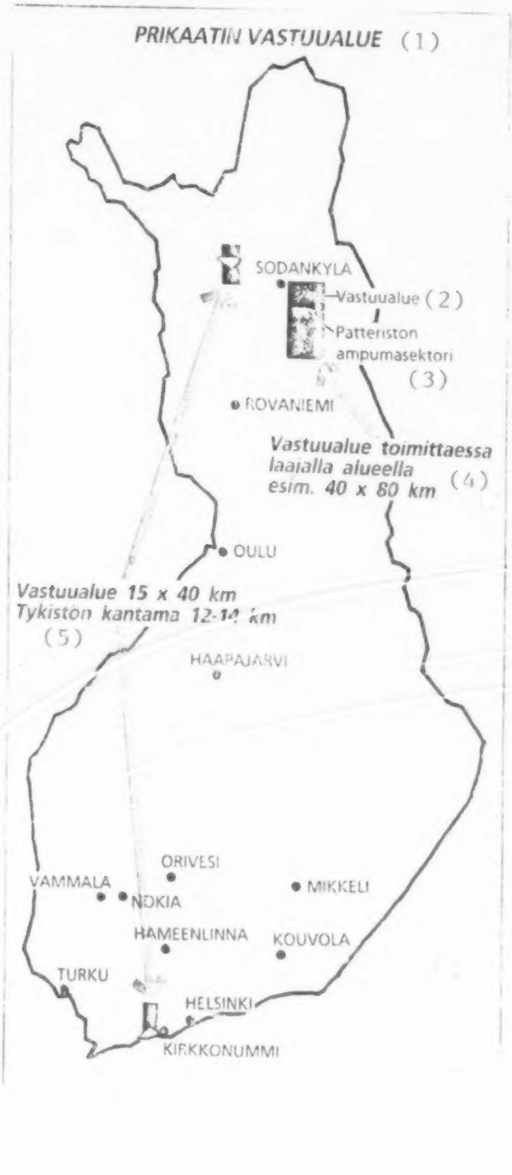
"Exactly," confirms Valtanen, "and the military and political leaders are quite unanimous in this regard."

Valtanen stresses that the concept of crisis management was brought up by the third parliamentary defense commission. According to him, it is not a question of a "new doctrine," nor is there any need to change the defense policy's foundation. On the other hand, the "crisis management" concept has not received an adequate public discussion, feels Valtanen.

The last time Valtanen dealt with the crisis management concept was when he spoke at the opening of the national defense course, which is now in progress.

Valtanen responds to Joenniemi's criticism of the land forces and the need for compulsory military service: "Controlling the territory of Finland is impossible without land forces. For example, one brigade can keep watch over just a very small part of the country, when its area of activity is considered on a map of Finland. If we take a look at how many brigades we can create from our defense troops and if we take into account the other branches of military service, we see that it is impossible to have control over Finnish territory without land forces.

"All this talk that we could get by with the 20,000-30,000 men who serve in peacetime is a lot of theorizing which has no practical basis," thunders Valtanen.


PRIKAATIN VASTUUALUE (1)
SODANKYLA
Vastuualue (2)
Patteriston ampumasektori (3)
ROVANIEMI
Vastuualue toimittaessa laajalla alueella esim. 40 x 80 km (4)
OULU
Vastuualue 15 x 40 km
Tykiston kantama 12-14 km (5)
HAAPAJARVI
ORIVESI
VAMMALA
NOKIA
MIKKELI
HAMEENLINNA
KOUVOLA
TURKU
HELSINKI
KIRKKONUMMI

Key:

(1) Brigade's area of responsibility
(2) Area of responsibility
(3) Shooting sector of battery section
(4) Area of responsibility arranged over wide area, for example
(5) Range of artillery

Valtanen justifies need for land forces: "One brigade, 5,000 to 7,000 men, can keep watch on only a very small part of Finnish territory, even in sparsely populated northern Finland."

"The purpose of defense is to safeguard the people's possibilities for life under all circumstances, to see to it that society functions and people can live in safety. An essential part of that is the surveillance and protection of the nation's territory, its land, sea, and air boundaries. It means in practice a defense arrangement, a grouping of troops so that they can maintain possession of the territory--and the arrangement which we can make with these resources of ours always amounts to a very sparse arrangement."

Valtanen does not consider a professional army feasible in Finland. "The possibility was investigated, and we ended up with armed forces which are impossible given our appropriations for defense. The only way to keep effective control over our territory is a system which is built on general compulsory military service, a trained reserve, and mobilized troops."

Help for Crisis Management from Experiences of UN Men

According to General Jaakko Valtanen, the first requirement of crisis management is that people know what is happening in the world. He stresses the need for systems of information gathering and territorial surveillance in order to be able to make timely decisions. This is the most important element of crisis management, emphasizes Valtanen.

In the early stage of a crisis, attention should be focused on safeguarding political and military leaders as well as military agencies and units. Society's key personnel must be protected as well as major points of information flow and energy production/distribution.

Valtanen also considers it essential to protect the transmission of news and data.

Valtanen's doctrine of crisis management raises the question of how the defense forces have been prepared to carry it out. Are changes needed in training, in the concentration of deliveries, or in legislation? Is the Finnish forest guerrilla also suited to acting as a "crisis management policeman"?

"It is true that crisis management places new demands on the defense forces and on their development," says Valtanen. "Yet our basic system as such is efficient, and there are no major flaws. I emphasize that the protection of society's institutions in peacetime is the responsibility of the police authorities, not the defense forces. We only take care of our own posts and our own system. But if we receive an order to stand by, the crisis management mechanism can be set in motion."

Current Finnish law recognizes only a state of peace and a state of war: there is no intermediate form. Is a new definition needed in the legislation?

"In my opinion, the new preparedness law has already been thoroughly debated--I do not consider myself an expert on it, and I do not want to delve more closely into its content--but new enactments are needed in order to be able to manage a crisis situation.

"Crisis management does not actually involve investments for training the defense forces, but nowadays we are emphasizing in our patrol training that a patrolman is more of a combatant than a policeman." Valtanen considers valuable the experience of troops which have participated in UN assignments: "UN men have seen action on patrol and surveillance assignments in crisis areas."

Procurement Program Running Slow

The defense forces' leadership system needs to be modernized, says Valtanen. Data transfer must be up-to-date, data must be handled on the principle of automatic data processing, and the entire system has to withstand electronic jamming. Important targets of modernization in the surveillance system are the large artificial radars which become obsolete at the start of the next decade.

Protector troops, 250,000-300,000 men, form the backbone of the defense forces. Modern equipment--for example, armored personnel transport vehicles and terrain vehicles--are now being procured for the protector troops.

"We have gotten off to a good start in improving the protector troops, but the program's 15-year timetable is so slow that we know technical and military progress will be quicker. I am worried that we will lag behind and be crushed by technical developments," laments Valtanen.

"Prices leap upward 2-6 percent every year: it is a matter of the so-called technical cost increase. It would be very judicious, both politically and in terms of the national economy, to foresee this development and to initiate an overhaul through small measures--to lay hold of the technical cost increase. It would be cheaper and wiser in every way than for us to notice in the 1990s' plans that we are a billion marks in arrears. Laying hold of a few hundred million marks is still within reach."

With the current appropriations, only half of the defense forces' reserves can be provided with modern implements; the other half makes do with obsolete equipment. "This may have an effect on people's opinions of the credibility of our national defense capability. I do not believe, however, in an actual weakening of desire to defend our country," argues Valtanen.

"Then again, the reserve's inadequate equipment can have an impact on foreigners' notions of the credibility of Finland's defense capacity."

The fighter planes of the air force will be obsolete in the 1990s. Will modernization be a costly investment?

"The air force's equipment will be the costliest of all, and the air force's equipment also has a shorter life than the implements of the land and sea forces. Modernization of fighter planes is a noteworthy project, and it must be discussed now," thinks Jaakko Valtanen.

12327
CSO: 3617/66

MILITARY FRANCE

NAVY TO MODERNIZE AIRCRAFT CARRIER CLEMENCEAU

Paris COLS BLEUS in French 25 Jan 86 pp 18-19

[Article by Gabriel Jauffret]

[Text] The first nuclear-powered French aircraft carrier, the Richelieu, will be placed in service in 1995. So that we may have two aircraft carriers before that year, the military programs laws has provided for keeping the Clemenceau in service until then. The carrier which has been in service for 50,000 hours, is now undergoing major renovation which began on 1 September 1985 and will be completed on 31 August 1986.

The modernization work now underway is the most important ever carried out on a French aircraft carrier. Some 1.8 million manhours of work will be performed by the Toulon Directorate of Naval Arms and Construction with 500,000 hours of the work to be handled by the crew. "What we have here is a complete overhaul of the carrier," its captain, C.V. Lefebre, emphasized. "The purpose of the overhaul is to prolong its life for 10 years. The renovation work will first involve complete or partial replacement of the pipes of 5 out of 6 boilers: 10,000 pipes will be replaced; the tilework will be done; 40 auxiliary engines will be examined; and the blades of several turbines will be repaired."

As for the aviation installations, the deck-landing braking mechanisms will be inspected, the takeoff deck, is undergoing major rebuilding, and the fore an aft elevators are being reinforced. The vital equipment of the aircraft carrier, the catapults, which up to now have handled more than 50,000 launchings, have been modernized and their mechanical performance capabilities have been doubled.

C.V. Lefebvre explained that the modernization of the carrier responds to new circumstances. "The lessons we learned from operations conducted off Lebanon demonstrated that in a confused, at times critical, and in any event complex stituation, an aircraft carrier could find itself vulnerable and under permanent threat." The day of secondary naval powers is now a thing of the past.

Strengthened Self-defense Capability

About 50 navies are equipped with antiship missiles, and the arms market presents the potential threat of a new one every day. The self defense capabilities of an aircraft carrier have to be equal to the crises which might arise suddenly. The air surveillance radar of the Clemenceau has been taken off the ship; it will be replaced by a detection system adapted to surface warfare and to close-at-hand detection, which cannot be deceived. It will be complemented by a new passive detection system designed to locate enemy radars and missile self-guidance systems. This complex, so-called latest generation system will help to establish the nature of a situation and to monitor its evolution while at the same time permitting the carrier to remain silent.

Four of the eight 100 mm artillery towers have been removed to leave room for two groups of Crotale-Edir. The installations of this multiple defense system--against surface vessels, enemy missiles (even those flying at surface level), and airplanes--involves the installation of superstructures with respective weights of 90 to 100 tons. Because of this, the silhouette of the aircraft carrier is greatly changed. A system of decoy launchers, the Dagaie, is now being installed.

In addition to these modernization activities, the capacities of the date processing system increased, and the internal transmission network has been reinforced.

The entire region of Vauban de l'Arsenal has been mobilized for the Clemenceau. Immense holes have been opened in the decks, and the aircraft carrier has become an enormous shipyard. Although at reduced strength, the ship's complement is heavily engaged in the renovation work, including maintenance of security in the shipyard. Every day 40 men are ready to put out any fire that may begin in a welding site. These responsibilities are cheerfully endured, and C.V. Lefebvre says about his crew: "They are tenacious fellows and well aware of the importance of the job being done." What is more, a symbiosis has been established between officers and engineers, weaponry technicians, and navy officers, workers and navy men of the crew. On 1 September 1986, the Clemenceau will set sail from Toulon on its first sea tests. Some 1.8 million manhours of work, of which 25 to 30 percent have been placed in the hands of private companies, constitute two-thirds of the workload of the Directorate of Ships of the DCAN [Central Directorate for Naval Weapons and Shipbuilding], which reportedly has rejuvenated it. Depending on the time of day, there are from 400 to 1,100 persons at work on this unprecedented shipyard. Let us note that the work is being supervised by IPA Noel, and the industrial organization of the shipyard is the responsibility of IPETA Huete.

8143/13068
CSO: 3519/124

MILITARY FRANCE

DETAILS OF LECLERC TANK REVEALED

Paris LE MONDE in French 1 Feb 86 p 9

[Article by J. I.]

[Text] To raise the morale of the Army 1 month and a half before the elections, Prime Minister Laurent Fabius and Defense Minister Paul Quiles traveled to Satory (Yvelines) on Thursday, 30 January, for a demonstration of the new combat tank, called Leclerc after the former commander of the 2d Armored Division of Free France who liberated Paris and was made marshal posthumously in 1952. On the occasion of this surprise visit by the chief of government, Quiles also took the opportunity to announce his decision to initiate the radar battlefield surveillance program named "Orchidee" which will be installed aboard the new Super Puma helicopter.

Quite obviously, by their presence in Satory Fabius and Quiles were trying to make everyone forget the controversy which arose at the end of 1985 in connection with statements made by General Philippe Arnold deploring the inadequate number of tanks assigned to the French armored divisions. The presentations by the Army General Staff and the delegation general for armament on the Leclerc tank, which is to replace the current AMX-30 tank and its derivative, the modernized B-2 version, after 1992 led one to believe that "the tank of the future exists," to quote Quiles.

"A New Generation of Tanks"

The Leclerc tank is expected to weigh 52 tons (compared to the AMX-30's 37 tons) and will be equipped with a 120 mm cannon (instead of the 105 mm cannon) permitting it to fire even while moving and in all weather, several kinds of shells (such as the hollow-charge shell and the incendiary shell at a rapid rate since reloading is done automatically.

A three-man crew (instead of the AMX-30's four-man crew) will also have at its disposition a digital system for real-time transmission and processing of operational data for combat; that is to say, this team at all times and instantaneously will be able to communicate its position and to designate targets for to her tanks. The Diesel engine generates 1,500 horse power, thanks to a process of fuel injection called "Hyperbar". Finally, its capabilities are such that in spite of its doubled power the engine of the Leclerc tank is identical to the 700-horse power engine of the AMX.

Since the initial studies in 1978, which resulted in the development of seven prototypes that will be tested after 1988, an effort has been made to salvage anything possible from the failure of French-West German cooperation in this sector. Thus, the Leclerc tank and the Leopold-III tank may maneuver together in Central Europe because they will use a similar 120 mm cannon, the same shells, tracks, and fuel.

"We are on the threshold of a new generation of tanks," explained Georges Dubot, chief engineer for armament, who is program director along with Col Francois Toulouse of the Army General Staff. France's plans call for an order of 1,400 Leclerc tanks at a unit price that has not yet been set but which could be on the order of 21 million francs (the B-2 version of the AMX-30 cost 12 million francs each). It has not been ruled out that other countries may participate in its manufacture, such as Spain, which is already building the AMX-30 under license. In France, the Leclerc tank program is expected to represent millions of manhours, particularly in the arsenals of Roanne, Tarbes, and Bourges. That is doubtless the reason the minister of youth and sports, Alain Calmat, Socialist candidate in the elections in the Cher region, accompanied Fabius and Quiles to Satory.

A Radar-Mounted Helicopter

After stating that the 2d Armored Division, stationed in Versailles (Yveline), will be the first unit to receive the new tank in memory of Philippe Leclerc, the Minister of Defense announced his decision to initiate the Orchidee project which had been proposed to him by the Army. Orchidee is a radar with a 150-kilometer range transported by a helicopter, which is designed to inform the commander of enemy movements on the battlefield. According to Quiles, the first Orchidee unit is supposed to be ready in 1995.

The indirect importance of this decision announced by the minister is that the Army will order 20 Super Puma helicopters to carry its Orchidee radar, which will be like an equal number of mobile surveillance stations at an altitude of 3,000 meters. Previously, the Air Force had ordered three Super Pumas to meet the needs of the Nuclear Experimentation Centers Directorate/ (DIRCEN) in Polynesia. AEROSPATIALE, which designed the Super Puma, could, therefore, take advantage of the French Army's order to engage in the sport of commercial promotions, which, without this initiatives, would continue to be difficult.

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MILITARY FRANCE

PURCHASE OF TRANSPORT PLANES DELAYED

Paris LE FIGARO in French 3 Feb 86 p 9

[Article by Pierre Darcourt: "Which 'Short-haul Plane' for the French Air Force?"]

[Text] Of all the Air Force chiefs of staff Gen Capillon is without a doubt the one for whom the task of managing its programs has been the most trying. As regards Mirage 2000's which are delivered sporadically, and airborne radars (priority of priorities) for the future tactical combat plane, everything has to be weighed and counted, not as an integral part of operational urgencies or needs but of industrial and financial imperatives. Not to mention the air-to-air missile "Mica" which Matra is awaiting the government's green light to start producing. The pile of suspense files is getting bigger. And now in the midst of the imbroglio of all these contretemps we have the thorny question of the "air transport plane."

This "short-haul" aircraft, which is to replace the old Nord 262's and 261's whose withdrawal from service by the Air Force is planned for 1987, is supposed to be ready by that time. France has need of a military transport/plane for the transport of troops, light vehicles, and aircraft engines of the Mirage 2000 type to avoid the need to use Transalls which are in too great demand and have half-cargo space.

However, the French public authorities do not seem to have made up their minds to build these planes. In fact, their development would be very costly--1 billion francs--notably for the military version which requires the installation of a rear ramp.

Four-Year Delay

Built jointly by AEROSPATIALE and AERITALIA, the ATR 42, a tough regional airplane, which is fast and fuel-efficient (consumption 25 percent less than the Fokker) is considered to be "the world's most modern aircraft of its type." With modifications, or in its purely military version, it responds to the real needs the French Air Force.

But, unless there is immediate government authorization to initiate this program, which seems unlikely, it will be necessary to wait until 1991 before the aircraft on order are ready to fly; that is 4 years after the deadline set for the withdrawal of the obsolescent Nords.

The critical time frame for this program was May-June 1985. In that period, the French-Italian manufacturers of the ATR noted the development of fierce competition in the commercial aviation sector (particularly with the British AEROSPACE ATP).

The French Air Force, which has announced publicly that it is interested in 25 to 30 planes, does not have the credit needed for the development of a military version of the ATR. For their part, the directors of AEROSPATIALE have emphasized that they had never expressed their opposition to the development of the military transport airplane (ATM), since according to the studies conducted, it seemed clear that a potential market for 200 aircraft of this type did indeed exist. In the absence of a decision and credits, a delay set in. The fact remains, however, that AEROSPATIALE's continuing objective is to be in a position to propose an ATM, with a rear loading ramp, to the Air Force by the end of 1990 or the beginning of 1991.

In the meantime, an interim solution is necessary: to "bridge the 4-year gap." This solution would consist in resorting to a still different version that the ATR 42 with a lateral door to permit the dropping of 40 paratroops.

In all likelihood, the French and Italians in particular would stand in the way of a third alternative: the CN 235, an aircraft developed within the framework of Hispano-Indonesian cooperation.

The CN 235 is of interest to the Air Force. In the first place, it exists. In the second place, it is not expensive in spite of one drawback: the CN 235 is carrying 1.4 excess tons because its manufacturers, who are new to the aeronautical field, still lack the experience needed to "build solidly" in accordance with the principles of the major European aircraft manufacturers. However, this handicap is not a rejection factor and if the planes certification occurs in mid 1986, it will be largely available within the time frames set by the Air Force for the replacement of its Nord 2501 fleet.

French-Italian industry would then suffer a real blow to its esteem by losing the Air Force label to the CN 235, as this imprimatur carries considerable prestige with foreign clientele.

AEROSPATIALE and AERITALIA are aware of the stakes. The Italians are working on the assembly line of the ATR 42's rear loading ramp. The French are evaluating a pilot study of the military version. The pilot study defines the costs of staggered series manufacture of 50 to 150 aircraft and takes into account test flights and the degree of structural resistance of the airframe.

In conclusion, the file is in suspense, awaiting a quick decision, for according to the words used by the ATR project director, "an acceptable proposal should be submitted to the Air Force very shortly."

Let us hope that the proposal will result in the production of an efficient and operational aircraft.

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SAS PILOTS UNION URGES BOYCOTT OF AIR FORCE DUTY

Oslo AFTENPOSTEN in Norwegian 11 Feb 86 p 11

[Article by Liv Hegna: "SAS Pilots Boycotting Compulsory Service in Armed Forces"]

[Text] The Norwegian SAS Pilots Association is urging a boycott of the signing of the form which obligates pilots to split service in SAS and the air force. There is a total of 20 military pilots who are currently receiving the form in the mail. The letter was sent from the air force staff on 6 January and is a result of the pilot crisis measures which were initiated with authority in a royal resolution of 12 July 1985.

The association's case preparer, SAS Pilot Erik Bull, tells AFTENPOSTEN that the association informed the air force leadership and the Defense Ministry regarding its view in a meeting on Friday: "We insist on behalf of our members that service in the air force in addition to flying for SAS take place on a voluntary basis. We are not convinced of the legality of imposing on just a relatively small group of pilots extra service in addition to compulsory service in the air force."

"But we intended to let the legal side of the issue rest for the time being. If the armed forces agree to our demands regarding making service in the air force voluntary, we will more than gladly help the issue to be straightened out," Bull says to AFTENPOSTEN.

As far as contracts regarding six months of service at SAS and six months in the air force over the next three years are concerned, Bull thinks that they should be withdrawn and that the arrangement should be made voluntary.

"To sign such a contract would completely break with the SAS pilots' collective agreement, as far as the gaining of both seniority and pensions are concerned." Pilots who sign will also have problems with insurance. "Flying for SAS is quite a bit less risky than service in the air force," Erik Bull says to AFTENPOSTEN.

There is a total of 21 pilots who finished in the air force and went over to SAS since the royal resolution regarding pilot crisis measures was passed in a cabinet meeting. However, the air force staff sent contract forms regarding split service to just 20 of these. The rest of the pilots SAS took in came from other civilian companies. However, there is a number of military pilots who got employment or began with SAS /before/ [in italics] the resolution went into effect. This group falls outside the split service arrangement.

However, there is great disagreement among the pilots regarding how employment, termination or entry are to be interpreted in relation to the date of the royal resolution. As AFTENPOSTEN understands it, the air force staff has not clarified all details regarding this for the SAS pilots.

8831
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MILITARY

PORTUGAL

EAST WEST TENSION, INVOLVEMENT IN NATO DISCUSSED

Lisbon DIARIO DE NOTICIAS in Portuguese 16 Jan 86 p 10

[Article by Virgilio de Carvalho]

[Excerpts] There is great curiosity about the future of East-West relations following the promising Geneva summit meeting. And there is also curiosity about what Portugal's role might be in a world and in a Europe where there is certainly a place for the smaller powers.

Spain, NATO and Portugal

The inclusion of Spain in the NATO military structure is of the greatest interest to the west and to Portugal, since the predominant geographic location of its territory and its military power are essential to the security of the area along the Baleares-Strait-Canary Island axis. The fact is that the conflict in the Western Sahara has provided a target of opportunity for forces which have shown hostility toward the West, such as the East and Islamic fundamentalism. This is not reassuring in terms of the future of the Strait and the Atlantic island and the viability of United States aid to Europe in the event of war. It is clear that Spain, like France, would always side with the West in the event of a war with the East, but its abandonment of NATO following the next referendum would confirm a mistrust on the part of the Spanish people where the United States and NATO are concerned, which does not bode well for either of them. However, Spanish participation in the NATO military structure and its membership in the EEC cannot be effected at the cost of penetration of the geostrategic space which the people of Portugal created precisely to make their country geopolitically and economically viable with regard to it. Granting Spain the historic maritime rights of Portugal would be an absurdity. Such penetration and hasty and premature Iberian economic integration would make NATO and the EEC into serious and unnecessary threats to the freedom of action, negotiating power and individuality of Portugal. The example of Ireland, which was able, within the multilateral European space, to achieve diversification of its economic relations, and others, enabling it to develop and simultaneously to strengthen its individuality and independence with regard to its powerful English neighbor, is of interest to a Portugal whose history teaches that it is very risky to try to separate its development from its security, because they are congenitally linked. The strengthening of continental and Ireland regionalism, for example, should lead to an increase in solidarity and national power through participation, and not to the division of the country along its natural internal boundaries and its weakening as compared to foreign forces.

Portugal--a Minor Power

Small powers will have to draw what they can from their heritage and internationalize their economies in order to diversify the inevitable dependence and to place competitive products on foreign markets, if they want to enjoy sufficient freedom of action. Small peripheral powers have the advantage of maritime shores over interior powers, with the less costly and freer potential for economic development and foreign relations typical of them. For this reason the citizens of Portugal must understand that the difference between whether their country will be something or nothing, free or not, lies in their foresight and their determination to derive the best from their geographic heritage, and also their particular historic and cultural heritage, through cooperation based on mutual interests with the Portuguese-speaking world which was established at the peak of the painful historical development of Portuguese viability. And to avoid power vacuums which others will begin to fill, the people of Portugal will have in particular to understand the geopolitical and economic importance of the continental post, the islands and the interterritorial space and maintain autonomous military defense which does not overlook the importance of the interterritorial air and maritime space and the archipelagoes to our security and that of our allies. They must realize that these areas can serve as the lifeline of defense and reserve for our nation, and that their recovery would be more problematical than that of the continent, if we were to lose control.

In order to safeguard its individuality and importance in NATO, Western Europe and the Portuguese-speaking world, the small Portuguese power will have everything to gain if it unequivocably embraces its Euro-Atlantic status as almost an archipelago, which has prevented its collapse on the peninsula; if it develops the study of history, strategy and defense in its universities; and if it provides itself with aggressive representatives abroad in the realms of economics, culture and defense.

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MILITARY SWEDEN

PARTIES SEEN APPROACHING ACCORD ON DEFENSE PROGRAM

Stockholm DAGENS NYHETER in Swedish 8 Feb 86 p 2

[Editorial: "Defense Agreement in Sight"]

[Text] There is beginning to be much more of an inclination to reach a defense agreement among the Social Democratic, Liberal and Center Parties. When the Defense Committee on Friday presented the different appropriation levels and percentage rates of increase which its leaders want the OB [Supreme Commander of the Swedish Armed Forces] to examine further, it was clear that these three parties stand fairly close together on what the defense forces will cost during the five years beginning in 1987.

The first impression could indicate otherwise. At this stage the Social Democrats can imagine anything between an unchanged appropriation and an increase of 600 million kronor per year. In between they also want to look at increases of 200 and 400 million kronor.

The Liberal Party, which previously expressed itself in favor of the OB's so-called plus level which would give an additional 500 million kronor per year, has now adjusted its figure upward to 600 million, which thereby agrees with the highest Social Democratic level. The Center Party position, which was surprisingly proclaimed on Thursday, is that the annual increase should be 800 million kronor, but with the difference that it should be divided as a continuous increase in appropriations of 1.2 percent per year--thereby a smaller amount at the beginning and a greater amount at the end of the five year period.

Even if the way of counting were the same, the steps in between are significantly greater to the Conservatives' demand for an increase in the defense appropriation of two percent annually, which on the average would mean an annual increase of almost 1,400 million. Since the Conservatives have already called for this rate of increase for the period 1992-1997, the difference from the other parties will become significantly greater with time.

No defense politicians except the Conservatives are prepared to extend themselves so far; it may be that the need for increased appropriations can be greater during the five-year period than the other parties expect. If the Social Democrats can avoid an agreement with VPK [Left Party Communists] on defense, they can also go beyond what is now said to be their highest level. Also both they and the Liberal Party should expect to allow the appropriation to grow more at the end of the period than at the beginning: the method does not need a fixed percentage of growth, it can be expressed as some form of index.

As to the aims of the defense, the committee's priorities largely agree with those first outlined by the Liberal Party last fall. It is significant that they have agreed on the importance of air defense, and even the Social Democrats are determined to retain the three Draken divisions which were saved two years ago by a four-party agreement after some debate. They are also agreed that more must be spent on the JAS [Fighter-attack-reconnaissance] aircraft armament, fire control and basing systems.

The Defense Committee said emphatically that the failure adequately to fund medical services in wartime must be corrected as soon as possible. Vulnerability of both transport and availability of disposable materials would soon lead to a breakdown. For similar reasons they requested the OB to concentrate on weaknesses in the electrical supply and telephone communication systems.

The committee was not as unified concerning the Navy and the Army. Obviously they were unanimous on the importance of better antisubmarine protection, but that was, according to the new chairman Per Borg, a "pat on the back" to the OB to continue according to existing plans. On the other hand the Conservatives want to add considerably more, and they believe along with the Liberal Party that two new submarines should be procured.

It was on the question of the Army, however, that the Conservative and Liberal Parties stood the farthest apart. The entire committee agreed that Army units need to be modernized in order to be effective. But the realization that procurement of vehicles, armor and modern weapons will go too slowly has led the Conservatives to the conclusion that great additional funds are needed, while the Liberal Party would decommission a number of unmodernized brigades in order to save funds. In that case the party could very well have gone farther, for example by even carrying out the decommissioning of peacetime units.

This assignment of priorities is meeting opposition from other parties, and the quality of Army units appears to be a continuing problem, even though refresher training has been improved. The committee satisfied itself with the general statement that a new tank will be procured in the 1990's, but to get funds for that will be one of the big defense questions in the coming years. That indicates that the choice between quality and quantity will be foremost in the 90's defense decision.

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DEFENSE COMMITTEE SEES HEALTH, MEDICAL CARE AS WEAK ELEMENTS

Stockholm DAGENS NYHETER in Swedish 8 Feb 86 p 8

[Article by Sven Svensson: "Defense Committee Says Civil Defense Is Weak Point"; first paragraph is DAGENS NYHETER introduction]

[Text] Health and medical care comprise the weakest link in the Swedish total defense. This was reported by the Defense Committee to the government in a report on the direction of the defense during the five-year period 1987-92. The need for medical equipment must be satisfied and the vulnerability of telecommunications reduced.

There is unity between the Landsting and the various government authorities in that the situation within civil defense is for the most part disapproved by the Defense Commission.

Within the medical sector, expendable supplies must be ordered promptly, and the telecommunications sector must be organized to guarantee rapid mobilization in a threatening situation.

Within the military defense it is not of current interest to make spectacular expenditures during the five-year period. The defense decision will instead be directed toward improving the quality of personnel within the defense forces, to bring about more coordinated leadership and to improve readiness.

Better Antisubmarine Protection

A certain strengthening of quality will take place through material procurement. This applies primarily to antisubmarine protection and air defense. Antisubmarine protection will be aimed at preventing foreign submarines from penetrating sensitive areas, while technical development brings an increased threat from the air which must be mastered. The question of ordering a Swedish tank can be postponed until the 1992 defense decision.

In its report the Defense Committee requests the government to investigate several economic levels for the military defense. The intention is that the committee will try to agree on a new program for the five-year period.

The basic level will be the existing defense framework of 22.4 billion kronor. The Social Democrats will then add increments of 200, 400 and 600 million per year. The Liberal Party also wants to investigate an increased defense framework by 600 million, but insists furthermore that 2,000 conscripts be transfered directly to the civil defense.

Both the Conservatives and the Center Party want to have percent increases during the five-year period, the Conservatives by two percent per year and the Center Party by 1.2 percent. The Center Party alternative means an average increase of 800 million per year, the Conservatives' by over a billion per year. The importance of the percentage increases lies in the higher beginning figure before the 1992 decision.

In the military section it is said that the Swedish defense establishment will protect the peace by having such strength, composition and readiness that an attacker's losses and other sacrifices in connection with an attempt to utilize our land would not seem reasonable in relation to the advantages.

A defense establishment formed in this way constitutes an important contribution to calm, stability and limited superpower presence in the Nordic area in peacetime and during times of international crisis, it says in the main section.

The Greatest Threat

The committee emphasized that a military attack against Sweden remains the greatest threat to national security.

Violations of different kinds in peacetime can, however, contribute to the ability of a foreign state to, in conjunction with an armed attack, damage our total defense. In a crisis violations can draw us into a more serious situation and in the end lead to war. Intelligence, surveillance and analysis activities must be given high priority.

Countermeasures against submarine violations should continue to be given close attention. The aim should be to increase the risk for penetrating units so clearly that the type of submarine operations which were described by the Submarine Commission will not be judged possible to conduct without serious consequences, it says. Our antisubmarine protection should have the ability to undertake effective measures against foreign underwater activity in all of our waters.

New Submarines

In the higher economic levels the OB [Supreme Commander of the Swedish Armed Forces] will, among other things, investigate the possibility of ordering a pair of new submarines. Both the Conservatives and the Liberal Party urge that. Such a reinforcement of antisubmarine protection demands an increased framework for defense appropriations.

The intelligence service should be strengthened in order to give advance warning in critical situations which can lead to an armed attack against Sweden.

The basis for improved readiness will be the ability to conduct swift and sure mobilization. A number of wartime units should be tested in quick mobilization exercises.

Within the Army improved communications are needed between the most mobile and effective attack units and the local territorial units. Modernization of units should also continue. In the future new tanks will be needed in the Swedish defense forces. but the decision can wait until 1992.

The threat from the air will grow in the future through technical development and various kinds of missiles. In order to retain a capability against air attack the existing three Draken divisions should be retained, and the JAS and Viggen aircraft should be equipped with effective weapons. Research is going on to develop a Swedish air-to-air missile. At the Conservative Party's level the possibility will exist for procurement of an additional Viggen division.

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MILITARY SWEDEN

BOFORS GETS CONTRACT TO MODERNIZE 1960'S TANKS

Stockholm DAGENS NYHETER in Swedish 15 Feb 86 p 16

[Article by Anders Ohman: "Bofors Modernizing Tanks"; first paragraph is DAGENS NYHETER introduction]

[Text] Two thousand employees in the Bofors gun division are affected. The firm will spend four years modernizing the Army's tanks at a cost of 650 million kronor.

The modernization program, called REMO 103, concerns the "S" tank, which was developed by Bofors in the 1960's entirely for Swedish conditions. It was the world's first and so far only turretless tank.

The background for the tank project is the decision by the commander of the Army to modernize older tanks in order better to fit into the war environment of the 1990's. A completely new tank will be considered for the 1992 defense decision.

The renovation work on the "S" tanks will include a new transmission, new piston engine and a laser rangefinder. That will give the tanks increased mobility, better protection and longer life.

The first example of a renovated "S" tank, number 103, was delivered to FMV (The Defense Materiel Administration) last week for further dispatch to an Army armored unit.

"Our gun division will not stand or fall with this project. But it means a lot to us in the next few years," said Per Mossberg, chief of information for Bofors in an interview with DAGENS NYHETER.

Of the firm's 5,300 employees about 2,000 are employed in the gun division. Tank renovations involve a large amount of workshop activity for Bofors. In the machine shop, mounting shop and armor shop it will be about 20 percent of capacity for a five-year period. Military workshops in Skovde, Boden and Hassleholm are the biggest suppliers, and they will employ between 80 and 90 people for this work.

The new piston engine which is replacing a Rolls Royce engine is a turbocharged two-stroke diesel with 290 horsepower from General Motors in the United States. The laser rangefinder is manufactured in Norway.

The designation of the newly modernized tanks will be tank 103 C.

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FINNS HOPE TO JOIN ITALY, FRANCE, FRG IN USSR TURN KEY PROJECTS

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 86 p 22

[Article by Heikki Arola: "Into Soviet Union on Coattails of Italians: Finnish Builders Look West for Pickup in Trade with East"]

[Text] Milan--This spring, Finnish builders and design engineers will go around introducing themselves to those West European business firms on whose coattails they hope to get in on megaprojects in the Soviet Union.

The kowtowing began in Milan, Italy's economic center. France and West Germany are next in line.

Last week, some 30 Finnish engineers in the construction field populated the Michelangelo, the most expensive hotel in downtown Milan. They made their rounds in a serious, if not solemn, mood. The purpose was to get an authentic feel for what possibilities the Finns had--together with the Italians--of getting in on the Soviet Union's megaprojects. The weather was not conducive to mere rest and relaxation: a heavy, wet snow fell in Milan all week.

The initial impression was not overwhelming, at any rate. More Italian firms than there was room for had registered for the 2-day conference arranged by the Foreign Trade Alliance. Folders became filled with preliminary bids during discussions between firms.

Finnish exporters of construction and design are in a bind. New targets for exports must absolutely be found. The construction quota for trade between Finland and the Soviet Union has been reduced, and exports to the Near East--except for Libya--have come to a halt.

The Finns finally understand that during the next few years the exchange of commodities between Western Europe and the Soviet Union will no doubt increase clearly. Western Europe's increasing purchases of natural gas from the East are the reason: the purchases are so large in amount that the Soviet Union must buy from the West in exchange.

The Soviet Union wants Western technology. West European firms deliver finished factories to the East, and the method of delivery is most often the so-called turnkey principle. Built with the supplier's manpower, the factories are delivered completely finished to the customer.

Walls from Finland

If, for example, a Western firm delivers a steel mill to the Soviet Union, the Finns--with the construction skills obtained in Svetogorsk, Kostamus, and other places--can participate in the mill's structural engineering aspect, the walls.

Then the big question is whether the Finns should offer the Italians and others their construction know-how, without which the latter cannot make do, and at what price they should offer it.

"The Italians must be led to believe the Soviet Union's markets are so demanding that they, the Italians, will have problems without our long experience," says a design engineer in Milan. The Finns thus believe that their business relationship with the Soviet Union is their ace in the hole. In addition to walls, the Finns could sell the West Europeans advice on how to adapt to Soviet markets.

In any case, the recommender is the best possible one: the Soviets themselves have put in a good word for Finnish builders as possible subcontractors.

Involved from Outset

Engineer Tapio Pietila, who is currently charting the possibilities of international subcontracts for the consulting firm Finsovexport, complains that the Finns have woken up too late in the case of Italy.

Thus several big contracts obtained by the Italians, such as the 6-billion-mark steelworks in Volsk, have gone by the board. Lesser contracts are still possible. Lohja, Inc, has sold the Italians a concrete base for Volsk, and Kone, Inc, elevators for another project.

But you get bigger slices of cake only if you are involved right from the outset as a subcontractor of a primary bidder.

It is true that Finn-Stroi, a conglomerate of large construction firms, made a subcontractor bid on the Volsk steelworks. It chose as its partner the losing party, the West German firm of Mannesmann. The contract went to Italimpianti.

The Italians, to be sure, did ask some Finns, Finn-Stroi among others, to participate in the Volsk project. Finn-Stroi had more confidence in its German partner despite the fact that balancing trade with the East had become a hot political issue in Italy and official talks had taken place between Italy and the Soviet Union.

At its greatest, Italy had a trade deficit of roughly 20 billion Finnish marks with the Soviet Union. An agreement has now been reached to strive to attain a trade balance by 1988. Italy thus awaits additional projects.

Twenty-Billion-Mark Plastics Factories

In the immediate future, the most significant projects to be undertaken in the Soviet Union are the plastics factories in Budienovsk and Ufa. The contract value of these factories is 20 billion marks altogether. The value of Kostamus was roughly 6 billion marks all told.

The main contracting bids have come from four countries, West Germany, England, Italy, and Japan; the French withdrew. Finn-Stroi is bidding this time with the English firm of Davy McKee, Ltd. The director of the Italian energy company Snamprogretti said last week that this contract, too, was his for the asking. His competitors considered the announcement premature.

New Methods of Doing Business

In Pietila's view, Finnish contractors must learn new methods of doing business when they consort with large West European firms: the rules in international trade are different from those in bilateral trade.

According to Pietila, it is difficult to become a subcontractor on the terms which Finns generally want.

As a rule, Finns want the main contractor to bind himself fully to his subcontractor, something which is hardly possible. The main contractor likes to reserve the option of throwing his subcontractor overboard if getting the contract requires it.

The first agreements, before trust is built up, should thus be made as open-end contracts. Pietila believes that business firms venturesome in this way will soon be found in Finland, too, if there is no other possibility.

In agreements signed with West Europeans, the projects are usually directed not by the construction firm but by the enterprise which supplies the machine technology. This enterprise engages as its subcontractor the builder who manages the structural engineering aspect. The decisive factor is then the price of construction.

Finnish builders must prepare themselves for the fact that they could be the subcontractors of subcontractors for Central European construction firms.

There are no opportunities, however, for pure and simple construction at Finland's price level. Competitiveness exists only if a partial unit is supplied of which Finnish design--in addition to construction--is a part.

Financing Package

Another thing which must be learned is how to finance projects. If the Finns want to obtain significant slices of the contract cakes, they must from the very start not only plan the project but also work out a package to finance it.

The major Soviet projects undertaken by West Europeans are financed with performance credits: the builder grants the customer long-term credit (6 to 8 years) on which the Soviet Union pays low interest, roughly 7.5 percent.

The problem is from the Finns' viewpoint that in the West, as a rule, the state has somehow subsidized the financing costs. For example, the chemical industry firm of Hoechts in West Germany received in principle a security pledge when it made a bid on the factory in Budienovsk.

Direct support is not given in Finland, but business firms have at their disposal the Export Security Institute and Export Credit, whose ability to function Pietila says he will personally put to the test in the near future when the first practical cases come up.

Pietila says he has more faith in international financing markets than in state institutions. He does not think the Finns will make blunders on matters of financing, even though the price of money is important when the credits are long-term.

One possibility is to take international credit in so-called low-interest currencies: in German marks, Japanese yen, Swiss francs, or European Economic Units. The only problem is that the Soviet Union generally wants the loan in the currency of the country from which the main contracting party comes.

Foreign Policy

Because Italy is a heavily populated and culturally self-complacent country whose businessmen hardly have time to delve into the niceties of foreign policy, the conference in Milan began with a presentation by Ambassador Eeva-Kristiina Forsman. In it she did her best to dispel possible ideas about Finlandization.

Forsman declared that the Agreement of Friendship, Cooperation, and Mutual Assistance rests on a text which Finland introduced and which contains no secret protocols or automatic arrangements. Forsman mentioned that Finland, alongside England, was the only European country which waged war and which was not occupied by foreign troops during World War II, an observation which, one would suppose, was especially caustic in Italy.

Pietila said that the Finns in turn are prejudiced against countries on the southern side of the Alps as collaborative partners. These prejudices are unwarranted, in his view.

"Finns are often jealous of their trade with the East and fear that we will just be exploited. But Italians and others will go to the Soviet Union in any case, either with us or without us."

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ECONOMIC BELGIUM

VAN ROMPUY ON PUBLIC FINANCES, REGIONAL ISSUES

Brussels LE SOIR in French 21 Jan 86 p 2

[Interview with Eric Van Rompuy conducted by Guy Deplat and J. Van Hoorebeke: "Let Us Reorganize Without Tricks in Order to Protect the Future of the Young"]

[Text] The CVP [Social Christian Party] is rich in active personalities. Under Martens V, the role of the stirrer of ideas and of thrower of rocks in the governmental swamp had been held by Luc Van den Brande, the deputy chief of group. Let us remember his battle for the regionalizing of national sectors and his report on the installation of missiles in Florennes. Today he has calmed down and seems to have decided that he will no longer throw banana peels under the feet of Mrs Martens and Gol. However, another party personality seems to be ready to take over the opposition role: Eric Van Rompuy. A deputy since October, he explained to us his economic and community concepts.

His words are blunt and his diagnosis of economic reality for a solution to which, like Churchill, he offers blood and tears, is harsh. Whereas Frank Swaelen was saying at the advent of the new year that the CVP was united behind Mr Dehaene, judging by his words, Eric Van Rompuy seems to be closer to Guy Verhofstadt, whom he appreciates, rather than to the leader of the christian democrats. Linguistically, the former president of the young CVP has remained loyal to his image as an intransigent guardian of Flemish interest. He actively objects to the statements, moderate though they were, of Mr Maystadt, minister of economic affairs.

To be sure, Eric Van Rompuy is, together with Mark Eyskens, the only CVP deputy "without a family." He is not supported by a machine and is even rejected by the party's left wing. However, it is his independence that makes his strength. As a remarkable speaker, we remember the way he forced his party to denounce the Egmont pact, throw out FDF [Democratic Front of Brussels French Speakers] and reject coalitions with the socialists. Being an economist, people listen to him quite closely. It must be said that this is a familiar tune in his family. His brother, Herman Van Rompuy, is president of the party's study center, the CEPESS, negotiator at Stuyvenberg and author of a recent quite pessimistic report on the budgetary condition of the country. His father, who is a professor at KUL, recently submitted to Mr Geens, on his request, a very important report on the future of the Limburg mines, which will be discussed by the Flemish parliament. But here is what Eric Van Rompuy has to say.

[Question] Does the 1986 budget appear extremely difficult?

[Answer] The majority is still living in some kind of euphoria. Naturally, I am pleased that the coalition won the elections, including Wallonia, where the fact that an executive authority has taken over without socialists will make Flanders to change its views on Belgian economics, divided into a socialist model in the south and a liberal model in the north. But let us not kid ourselves or consider the 1981-1985 balance sacred! In 4 years the government was able to lower the net subsidy balance only from 12.6 to 11.6 percent of the gross national product. Furthermore, 80 percent of this was achieved as a result of increased taxation. Now, within a period of 18 months, we must reduce this deficit by 3.6 percent of the GNP. This is a huge amount. According to a CEPESS report, net savings to be achieved in the next few months should total 200 billion.

[Question] We were told by Mr Maystadt that the purchasing power could no longer be linearly diminished.

[Answer] This is a rather unwise statement. Everything points out to the opposite, i.e., that available revenue would be reduced further. The study made by the Kredietbank, which was speaking of a light at the end of the tunnel, indicated that available revenue would decline by 2.4 percent in 1986 and 1987. Comparing the share of the national revenue which goes to the families, we note that in Beligium it remains at 78 percent, compared with a European average of 75 percent and an average of 65 percent in Germany, where enterprises, therefore, are left more means at their disposal. The share allocated to families in Belgium will have to be reduced further.

Let Us Follow Germany

[Question] Mr Maystadt also said that should a problem of competition arise it should be resolved by means other than by additional taxation of salaries.

[Answer] However, no other solution exist. The governmental agreement excludes a Maribel operation with increased added value tax. A problem regarding the competitiveness of our enterprises arises. Our balance of trade has worsened greatly. Forty-five percent of our exports go to the Netherlands and Germany. However, during the first three-quarters of 1985 these exports dropped by 2.3 percent, whereas the other European countries have increased their exports to Germany and the Netherlands by 10.4 percent. Today our enterprises are handicapped by a 6.8 percent cost of wages compared to Dutch and German enterprises. If we want to benefit from the upsurge on the other side of the Rhine, we must base ourselves on German wages and not on a "colorless" average of seven countries. We must have the ambition of becoming the best.

The truth must be told. Between now and 1988 we must expect another drop in family income.

[Question] How could the deficit in public finances be reduced equally fast?

[Answer] Let me emphasize first of all that such an operation is also social, for a deficit in public finances benefits capital income and penalizes others. I believe that we must reduce social transfers and systematically link social expenditures, regardless of their nature, to family purchasing power. Social security should no longer be an insurance but become an instrument for solidarity with the most deprived. In another area, I believe that we can no longer be content by closing down government jobs by attrition. We must go further and reduce the number of state employees.

Verhofstadt: An Opportunity

[Question] Is the government prepared to go that far?

[Answer] The time to make a choice is here. The fact that Guy Verhofstadt joined the government is very important. His will to improve the state in-depth is still being underestimated. Those who believe that he will be another Willy De Clercq, prepared to compromise, are wrong. The young generations in Flanders want, as he does, to protect their future. They refuse any strings and budgetary tricks which mortgage their future. Personally, I will no longer accept any strings, such as deferred payments to officials or converting treasury bonds to long-term loans. Between 1983 and 1985 more than 20 billion in interest were thus deferred for later payment. Today a new operation of this kind is underway. This means not only postponing the solution of the problem but also paying a very high price. It has been estimated that such operations would cost an additional 8 billion in interest.

[Question] In terms of achieving such improvements, do you have greater faith in Verhofstadt than in Dehaene?

[Answer] Let us not pit one person against another. Everybody knows that unless the government is about to solve the problems the only solution will be the vicious circle of inflation and currency depreciation. Martens would like to succeed and not enter history as the man who doubled the public debt and he could benefit from a strong majority, supported by the electorate, and given special powers. This is the last chance for an entire generation of politicians...

Too Many French Speakers in the State

[Question] Should we concentrate all priority on economics and forget community problems?

[Answer] I used to think that the government was unwilling to plunge into community problems. That is why I was rather astonished to see Mr Maystadt question once again the agreement of the distribution of purchase orders for national defense. In August 1983 the government had decided that 54 to 56 percent of the orders would go to Flanders, 34 to 36 percent to Wallonia and 9 to 11 percent would go to Brussels. The current balance, however, is that Flanders has received no more than 40 percent and that the area in which it is interested, helicopters, has not been resolved. Mr Maystadt would like to start everything from scratch, as though nothing had ever happened. This is impossible. Furthermore, if he joins the Walloon executive in demanding for Wallonie some of the telephone exchanges, Flanders would consider this unacceptable.

Mr Maystadt, together with some members of the PRL [Party of Liberty] would like to use public purchasing as a lever for Walloon renovation. Today there is a clash in Wallonia between big holdings and the state. Sixty percent of the Walloon economy survives, one way or another, from state orders and subsidies.

In Flanders, where the economic fabric consist mostly of small enterprises, industrialists neglected all too long the role of public purchases. We shall no longer be naive. The CVP will become very hard the moment the basis for distribution is raised. A future community debate will not deal with the possibilities of the areas but the keys governing the allocation of orders and the linguistic breakdown of state officials. The overall result should be a 60 percent allocation for Flanders and 40 percent for French speakers. The economic and human weight of Flanders demands putting an end to parity economics.

[Question] Is this a question of Flemish arrogance?

[Answer] In 1979 I pleaded in favor of Flemish arrogance against the FDF [Democratic Front of Brussels French Speakers] and the RW [Walloon Rally]. Today, however, when these parties no longer exist, we need intelligence and combativeness rather than arrogance in order to defeat some Maystadt or Gol strategies. The same applies to the Limburg mines. I share Mr Maystadt's view when he emphasizes that we should not go back to national financing. We could resolve the problem on the basis of the loss of succession and by applying the very difficult plan of rationalization, which should reduce by one-half two of the losses of the mines within a 4-year period. However, I do not like the vengeful tone of voice of some Walloons such as Maystadt. The latest figures on aid to five national sectors indicates that no more than 49 percent of the aid went to Flanders. Maystadt is in very poor position to teach Flanders lessons.

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COCKERILL STEEL FIRM EXPECTS LARGE LOSSES IN 1986

Brussels LE SOIR in French 22 Jan 86 p 2

[Article by Guy Depas: "The End of the 'Myth' at Cockerill: Levy Expects Losses of 4.5 Billion Francs in 1986"]

[Text] It has been known for a long time that in the steel industry reality easily tops fiction. But to this extent?

Cockerill-Sambre, as always, expects a net loss of 4.5 billion francs for the year which just started. This following a loss of approximately 6 billion francs in 1985 and prior, as some informed observers stress, to a probable loss of more than 2 billion yet in 1987.

Before proceeding with the slightest depreciation, the operating deficit, which according to the "plans" should have been at worst zero in 1986, is expected still to amount to about 500 million francs. A sum which, in accordance with the European rule, the public authorities, whether they are national or regional, cannot make up with additional aid... unless this is accompanied by additional closings of factories, that is to say by an additional destruction of production capacity...

The board of directors of the Charleroi-Liege company is supposed to be officially notified of these somber predictions on Thursday. These predictions are even darker than the most pessimistic ones voiced only a few weeks ago by the president and managing director of the company, Raymond Levy, who talked about a possible deficit of 4 billion francs for the current fiscal year. Predictions which deviate -- and to what an extent! -- from what Jean Gandois had announced when he was general representative of the government at Cockerill-Sambre. According to the "Gandois plan," a balance of the accounts had initially been promised for the end of 1986. But, given the delay in implementing his project, the French consultant allowed for pushing back the deadline by 1 year, and estimated the net loss for 1986 at a maximum of 2 billion francs...

Instead it cannot be expected that the accounts will balance at zero before the end of 1988 at the earliest, and even then to the extent that: 1) sale prices do not continue to drop; 2) internal economizing within the enterprise is really implemented; 3) the announced reduction of manpower -- 2,000 individuals this year -- is carried out.

No conclusion has been annexed to the Cockerill-Sambre budget. However, its authors stress that the financial costs and those of depreciation hardly vary at all, that the expected exceptional results have strongly declined and that the gross result of the divisions represents a 2 billion franc improvement over 1985.

On the positive side, one should note: a drop in supply costs; an increase in productivity; a reduction of manpower.

On the negative side, one should stress: poor maintenance of sale prices for steel; too high a level for the cost of hourly wages.

According to some reports, it is not excluded that among his recovery measures, Raymond Levy will propose a reduction of unit wage costs. Which could mean that he would request to reduce the cost price per man to the level provided by ARBED, for example, a reduction not necessarily of pocket wages but in any case of employers' social contributions. A kind of expedient which Mark Eyskens did not exclude as a matter of fact when, as minister of economic affairs, he was forced to accept the European rule of the absolute end of any subsidy by the end of 1985...

Moreover, Cockerill-Sambre -- like the rest of the steel industry as a matter of fact -- is said to be getting ready to challenge the price of supplying factories with electricity. This is a handicap estimated at 2 billion francs per year for Belgian steel compared to German, French or Dutch competition. Isn't it said that the surplus cost of electricity in our country proceeds from the indirect subsidizing of the Limburg mines? Which inevitably puts the issue back into the political area. At a time, moreover, when Philippe Maystadt's statements relative to the regional distribution of orders from the central government, designate the Walloon successor of Mark Eyskens at the Ministry of Economic Affairs, as favorite target for the radicals, including the Flemish Christians...

8463
CSO: 3619/23

SLOWER GROWTH FOR INDUSTRIAL EXPORTS REPORTED

Copenhagen BERLINGSKE TIDENDE in Danish 6 Feb 86 Sect III p 8

[Text] The domestic demand has brought about an increase in industrial turnover. Export orders have, at the same time, dropped by 10 percent in current prices. The number of employees in industry was in November at almost the same level as in October of last year.

It appears from a report published last Wednesday by the Department of Statistics on the total volume of orders and turnover of Danish industry that the trend of industrial exports for December of last year confirms the fear on the part of economists that exports will increase at a slower rate in 1986 than in 1985.

According to the figures of the Department of Statistics, the volume of orders received does not indicate any reversal of the trend of industrial exports. The total volume of orders received increased in current prices by 4 percent from December of 1984 to December of 1985. The figure, however, reflects a decline in current prices in the volume of export orders received by 10 percent and an increase in the volume of orders from the domestic market by 15 percent.

As will appear from the report of the Department of Statistics, it is thus the domestic demand which has caused the increase in industrial turnover.

The turnover of industry in current prices was 12 percent above the December 1984 level on the domestic market, while the export turnover--also in terms of current prices--dropped by 1 percent. In terms of volume, the increase was 5 percent, and in terms of current prices, the volume of orders received was 4 percent higher. At the end of the month, the volume of orders received was 18 percent higher in current prices than at the end of December of 1985.

The number of employess within the industrial sector was in November almost unchanged compared to October of last year (395,200 as against 395,900). Compared to November of 1984, there has been an increase of 25,000 from 369,900. The increase in the rate of employement is still highest for male wage and salary earners.

In terms of index figures, the rate of employment among industrial workers increased from October to November from 105.4 to 106.2. In November of 1984 the index figure was 100.7.

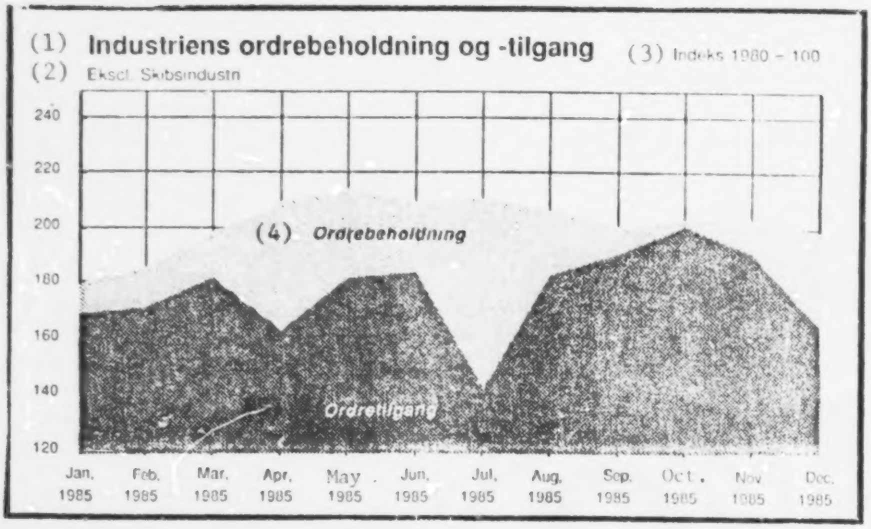
Verner Puggaard, department chief, the Federation of Danish Industries, sees no great reason for concern about the continued growth of industrial exports, although the rate of growth in the influx of industrial export orders was lower in December.

"On the face of it, the figures do not look good, but the reason is first and foremost the declining dollar rate of exchange throughout the latter half of 1985 as well as a slight slackening of the boom in the Western countries toward the end of the year.

We are aware of the fact that only at the end of the year will the majority of Danish enterprises adjust the value of the orders on their books from the rate of exchange in force at the time when the orders were received to their current value. The value of order books as well as incoming orders thus declines. In this context, it should be noted that the dollar rate of exchange dropped by upwards of 18 percent in 1985 and the sharpest drop occurred during the last quarter of 1985," says Verner Puggaard.

The fluctuating dollar rate has caused problems especially to the Danish furniture export to the United States, and it is, indeed, also within this branch of industry that the largest reduction in order books and the rate of new orders has been experienced.

"A lower dollar rate, at the same time, results in a lower purchasing power on the part of the Americans, which explains the slowdown in the otherwise promising furniture export to that country. However, things will probably be straightened out once the consequences of the declining oil price and dollar rate of exchange will produce their effect especially on the near markets in Western Europe. We expect a continued increase in exports this spring once the purchasing power increases and thus creates an increased demand both in the EC countries and the Nordic countries," says Verner Puggaard.



Key:

1. Industrial order books and order intake
2. Shipping industry not included
3. Index 1980 = 100
4. Order books
5. Order intake

7262
CSO: 3613/66

ECONOMIC FEDERAL REPUBLIC OF GERMANY

ACADEMICS, POLITICIANS URGE INDUSTRY-UNIVERSITY COOPERATION

Bonn DIE WELT in German 8 Jan 86 p 3

[Article by Peter Philipps: "Universities, Agencies Collaborate, Industry Flourishes"]

> [Text] Over the past few years, technology transfer agencies have been sprouting up which act as intermediaries between the universities and business--particularly small and medium-sized operations. The Silicon Valley model has now been adapted to use in the FRG.

Peter Glotz, the then senator for science in West Berlin, a man always open to new ideas, was one of the political founding fathers of the technology transfer agencies in the mid-seventies. As things quieted down at the universities and the so-called 1968 generation left school, relations between the business world and the universities became less strained and less ideological once again. For another thing, it was high time that this happened in view of the trends in international economic competition--and it was Berlin which took the lead.

By now, the idea of a service agency which promotes industry access to the university manpower pool, which acts to remove the fears of the actual workforce and at the same time has its eye out for parties interested in research projects and research findings like a kind of marketing organization has proven itself and been copied. At this time, there is a veritable network of such agencies throughout the FRG--according to the motto: let one thousand Silicon Valleys bloom.

One of the most recent among these is the Hamburg Institute for Technology Transfer which as ties to the technical university at Harburg and which assists in the establishment of business firms after the Silicon Valley model. But Hansjoerg Sinn former senator for science for Hamburg, has indicated that things are still far from ideal; that small and medium-sized businesses are still uneasy about entering into some kind of relationship with the universities. "Of every 100 ideas about 95 come from the Technical University and only five from business," he says "Twenty percent of the ideas are under review and 10 percent are about to be realized." And Walter Eversheim, a professor at Aachen Technical University has this to say: "One frequent reason why the university-business connection fails to work out is overly scientific language in the documentation and things like that."

For all that, the process is supposed to be simple enough. The owner of a medium-sized business takes his problem to the nearest university, then presents the matter to the transfer agency and soon thereafter gets his answer from the university experts. That is in fact the way it works now and then. But according to Sinn, the recurrent problem is that the businessman and the scientist cannot agree on basics. The small and medium-sized businesses are unable to generalize their specific questions and the universities, on the other hand, are accustomed to deal with general scientific problems. For this very reason, Sinn finds, "there really is no other way than to set up and promote such agencies" which act as interpreters between the two sides. Part of the problem is being resolved not only because the two sides are getting used to each other's ways but also because particular problems are now referred to doctoral candidates by their professors who then supervise the work they do on their dissertations.

Juergen Starnick, the vice president of the West German conference of university presidents and himself president of Berlin Technical University until a few months ago, calls the technology transfer agencies "a window to industry" created by the universities themselves. "One can tell from the outside looking in that the universities can be talked to," he says. Bernhard Vogel, the minister president of Rhineland-Palatinate, now also has plans to promote this idea. He has appointed a committee of experts to look into the question of how "the technical know-how available at the universities and research institutions can best be transferred to the production process." The fact that this or that student council still thinks along the old lines, complaining about an alleged "sellout of science" has become virtually meaningless by this time.

Next to the Berliners, those who have the most and longest experience with this system are the Ruhr University in Bochum and the Technical University at Aachen. Bochum's "unicontact" emissaries, for example, attend industrial fairs and set up seminars for representatives of interested industries. Wolfgang Budach, who heads the transfer agency, believes that the influx of third-party funds to the Ruhr University (amounting to DM 41 million in 1984) is in no small way due to the activities of "unicontact"--and the clients, we are told, are satisfied.

The chambers of commerce stand ready to assist in all these technology transfer activities. This may have led to a gradual widening of perspectives and--not only in the case of Hamburg-Harburg--to a trend in personal transfer, i.e. the establishment of new businesses particularly by alumni of the university itself. "All the disadvantages of technology transfer are compensated for," says Eversheim, "if the inventor takes his own ideas along with him into industry and realizes them there and thus is personally motivated. Inventor and innovator are much the same." This, after all, was the Silicon Valley formula of success where several hundred small and medium-sized businesses grew out of the Stanford Industrial Park in a small area near Stanford University close to San Francisco in the space of 20 years.

At Aachen, Eversheim has begun to turn this idea into reality. Next to Berlin, the city of Dortmund has gone one step further. The chamber of commerce and industry has been the moving force behind the establishment of a center associated with the university. Managing director Aden reported recently that demand was such that they might soon have to go into the second phase of construction. Essen, on the other hand, has barely started: a catalog has been printed which lists some of the services the university might be able to offer to industry. But the city, the chambers and the municipal savings bank have already developed plans for the next stage--which is a technology park.

One other aspect of technology transfer which has been tried here and there is the exchange of personnel between industry and the universities with the university researcher getting hands-on experience in industry for a limited period of time and the industry jobholder moving over into academe for the same period.

But it is at this point that complaints about the bureaucracy and the politicians crop up again who are in the habit of mentioning the need to provide aid for technology in just about every speech they make. At the next-to-last meeting of the founders association at Villa Huegel [in Essen], Eversheim put it this way: "Over the past several years and even now, legislation, directives and regulations have been forthcoming which were prepared by outsiders and which render the exchange of personnel between the universities and industry as well as the cooperation between business firms and university institutes more difficult and/or impossible."

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CSO: 3620/212

ECONOMIC FINLAND

TRADE MINISTER SEES MORE DIFFICULT EXPORT MARKETS IN EAST, WEST

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 86 p 26

[Article: "Foreign Trade Minister Jermu Laine: Outlook for Finnish Exports Still Decent"]

[Text] Turku--Last year's general slowdown in the growth of foreign trade concealed the fact that exports made enormous gains in many areas, according to Foreign Trade Minister Jermu Laine.

Laine claims that the outlook for Finnish exports is not all that bleak: in trade with the East, the impact of the drop in oil prices should not be exaggerated; in trade with the West, cheaper oil may have a stimulating effect on the countries Finns do business with.

Laine points out that Finland has a trade surplus with all the other Nordic countries. The diversified new exports have developed nicely and, for example, with respect to services, there is obvious room for growth in foreign trade.

"We have the know-how and it is in our power to increase exports, nor is there any reason to be astonished," said Laine, who spoke at the harbor ceremonies in Turku. Encouraged by the strong footholds attained in the tough Nordic markets, he now urges Finns to step up their export efforts in the direction of West Germany, for example.

In Laine's opinion, the last few years have shown that the Finns have the know-how. "Even if things are going badly somewhere else, the situation can still be prosperous in our country--and justifiably so."

Though many countries, such as England and Sweden, support their problem areas, Laine believes there is no reason to start subsidizing orders for ships made in domestic dockyards, for instance. "We cannot afford it, and Sweden is an example which serves as a warning against such."

On the other hand, the state could take measures to lighten the interest burden on the conduction of natural gas into western Finland. The way is also being cleared for an increase in coal imports from the Soviet Union, and trial consignments from Siberian coalfields are on their way to Finland.

12327
CSO: 3617/66

BANKERS EXPRESS CONCERN OVER BAKER PLAN

Paris LE NOUVEL ECONOMISTE in French 3 Jan 86 p 50

[Article by Jacqueline de Linares: "Suspicions of the French Bankers"]

[Text] To help overextended countries get out of the red is a good thing. To gain a few political laurels from it is normal. Well, perhaps not if the bulk of the cost is entrusted to others... Could the United States also be Machiavelian?

The French bankers are worried: they suspect the Reagan administration of wanting to use them to get the overextended countries out of the red, while reaping the political benefit of the operation. Hence the cautious approval they gave a few days ago, as did their Japanese and British colleagues, to the "Baker plan" introduced in early October in Seoul by the American Secretary of the Treasury. To want to help countries whose debts threaten the international financial balance regain a decent growth rate is a matter of "common sense," as a banker from Paris commented. It is a complete turnabout on the part of the Americans, who until then had advocated brutal adjustment policies carried out by the IMF, but the idea was in the air. "We have been recommending that for ages," they said at the Ministry of Economic Affairs.

Located on the front line of the new battle against Third World debts, the commercial banks have been invited to pay $20 billion in supplementary credits, over a period of 3 years, to 15 seriously indebted countries. But for lack of details about its implementation, the initiative from the American secretary arouses a "serious concern" among the bankers, as Mr Jacques Mayoux, president of the Societe Generale said at AGEFI last week.

Already, the initial choice of countries -- essentially South American -- too obviously inspired by the Monroe doctrine, had annoyed the bankers on this side of the Atlantic. Pushed by the Europeans and particularly the French, it was said at the Ministry of Economic Affairs, Washington ended up accepting in addition to the 10 "Latinos" Morocco, Nigeria, Ivory Coast, Yugoslavia and the Philippines. Furthermore, the Europeans virtually obtained the assurance that this list is only indicative: other countries will be able to take advantage of it.

The French bankers grumbled at the distribution of the new burden provided by the plan. They felt that it was not fair. Under the pretext that the Americans carry only one-third of the debts of the countries concerned (the French, 8 percent), they considered a proportional contribution to that indebtedness: the American financiers would contribute only $7 billion of the credits provided, while their counterparts in Europe and Japan would divide the remainder, that is to say the heaviest burden, among themselves: $13 billion. Hence, an American plan but financed primarily by foreigners. "Clever," commented the manager of a large bank. Thus, French officials unanimously noted, "the French banking community need not feel inferior. Comparatively it has provided a much superior effort with regard to the countries in debt than have the others." Mr Mayoux recalled: carrying by French banks in the 15 "Baker countries" between the end of 1982 and this summer is said to have increased by 5.7 percent, whereas that of American banks grew only by 0.6 percent.

Another subject for concern: the roles of the IMF and the international banks in the implementation of the plan. The share provided for the World Bank -- $9 billion -- was judged to be insufficient relative to the $20 billion requested from the banks. The French financiers are counting on the international organizations getting a little wetter than what has been announced.

Gendarme

There will be no question either of playing good Samaritans without joint efforts among the plan's beneficiaries: to this effect, the French would like to have a guarantee that the IMF will remain at the heart of the arrangements and will continue to play the role of gendarme in the countries concerned.

For Mr Jean Peyrelevade, president of the Suez Finance Company and president of the French Association of Banks [AFB], the success of the Baker plan also depends on macro-economic policy commitments over which the French do not exercise much influence at all: "It will be necessary to ensure a sufficiently high growth rate and sufficiently weak interest rates for the debtor countries, but the economic and budgetary policy of the United States escapes us. Although it is that policy which will play a decisive role in the possible success of the plan."

Worried, but resigned, the French bankers are aware that they will in any case have to "spit in the bowl," as one of them observed prosaically.

Suddenly, they are taking advantage of it to demand compensation from their government. The old debate about the banks' capacity to stock up letters of credit from the indebted countries and the question of tax treatment of those stocks reappeared. In the eyes of the French bankers the Baker initiative will have had at least this merit: to give old demands new weight.

8463
CSO: 3519/119

ECONOMIC F.

FOREIGN TRADE DEFICIT REVIEWED

Paris LE NOUVEL ECONOMISTE in French 24 Jan 86 p 41

[Article by Gilles Le Gendre: "Autopsy of a Deficit"]

[Text] With a foreign trade deficit of 24 billion francs in 1985, the government has lost its wager. But the drop in the prices of the dollar and of oil and the latest deliveries of the Airbus are trump cards for the future.

We have never seen three jokers in the same card game. After the good showing on inflation, a high trump card being played by the majority in the election campaign, and the unemployed trump cards presented as a partise victory, what the government is lacking is the foreign trade card: a deficit of 3.4 billion francs in December and 24 billion in 1985. "These are disappointing figures," acknowledged Mme Edith Cresson, on her return from Moscow, with her suitcases filled with 9 billion francs' worth of new contracts with the Soviets. The figures are disappointing with respect to the 1984 balance sheet (a deficit of about 700 million francs less) and the official surplus objective set at 2.4 billion at the beginning of the game.

Was this the checkmate of a policy, as it was judged immediately by the leaders of the opposition? It is not that certain. When austerity was still up in the air in 1982, the deficit reached 93 billion. Therefore, we have traveled a long way. The more so because the balance of payments, a concept the experts have suddenly preferred to that of the balance of trade on the speakers platform or the balance sheets used for electrical purposes, has a very good chance of being positive.

What is more, to speak of austerity again in 1985 does not make a great deal of sense. Pierre Beregovoy's mini recovery put an end to the famous growth differential with other countries. According to INSEE [National Institute of Statistics and Economic Studies], imports increased more quickly (up 4.6 percent in volume) than exports (up 3 percent). The figures for the leap forward in imports of household appliances (up 9 percent in value), of everyday consumer goods (up 9.9 percent), and of automobiles up 13 percent) speak for themselves. Not to mention capital goods (up 12.2 percent), thanks to the resumption of investment.

An improvement in exchange rates and a record agricultural food surplus (up 31.1 billion), however, has permitted France to experience this recovery at the lowest cost. Surprise: it is not oil purchases that are benefiting most from the drop in import prices. A somewhat more expensive dollar on the average than 1984 (8.84 francs compared to 8.73 francs) and a less costly barrel of oil more or less offset one another. Therefore, the energy factor has changed little: 180 billion instead of 187 billion. But moderation in foreign prices is preventing the industrial surplus (82.8 billion compared to 97.1 billion) from becoming a Berezina.

This mediocre showing by manufactured goods has revived the debate on the competitiveness of the "Made in France" logo. "That is not the problem," Cresson asserted, while congratulating herself on the fact that the deficit with Germany (28.6 billion) is no longer increasing or that for the first time since 1950, the trade balance with the United States is positive (plus 2.1 billion). Rue do Grenelle prefers to bring up the subject of the decline in big contracts. It is true that arms sales have peaked (35.2 billion compared to 37 billion), that Airbus sales have not been as good (17.1 billion compared to 20.4 billion), and deliveries of ships and oil platforms are practically nonextistent. The collapse of exports to OPEC countries (down 18.7 percent) finds its origin in the drop in orders experienced in 1983.

However, France again lost shares of the market in 1985, although end-of-year alarmist estimates have to tempered. According to the Directorate of Economic Forecasts, the demand for manufactured goods addressed to France increased only 3.5 percent in volume in 1985 rather than the 5 percent everyone expected. Since French exports have increased 2.5 percent, the loss of shares of the market is now being estimated at 1 percent (instead of 2.5 percent). However, these lost market shares are added to a long standing decline in the percentage of French sales in the developed countries estimated by National Bank of Paris at 1.7 percent (7.6 percent compared to 9.3 percent form 1979 to 1984.

The key question for 1986: Will it be necessary to offset France's lost ground by means of monetary realignment within the EMS? "French costs are still 3 to 4 percent higher than those of the Germans," an INSEE expert maintains. In any event, the answer to that question may prove to be more than economic. And other favorable developments for France could well make concerns about its competitiveness of secondary consideration.

Thus, in 1986 rather than in 1985 the drop in oil and dollar prices should have a full impact on foreign trade figures. A 5 percent drop in one or the other would reduce the trade deficit by 9 billion francs. And the benefits from the rise in value of civilian contracts signed in 1985 (particularly Airbus) will fall right into the coffers of future governments. There in one thing that does not change. When asked about the balance sheet of her 3 years at the head of the French foreign trade sector, Cresson still answers, "I need 2 more years."

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CSO: 3519/128

ECONOMIC GREECE

FINANCIAL DIFFICULTIES OF SOCIAL INSURANCE INSTITUTE

Athens I KATHIMERINI in Greek 6 Feb 86 p 1

/Excerpts/ The IKA /Social Insurance Institute/ will raise a new 97-billion drachma loan so as to be able to meet its current obligations. With this loan the IKA debt will reach 260 billion drachmas if the 185 billion drachmas that it borrowed between 1982 and now are included.

According to the 1986 budget that the IKA board submitted to the administative council, the loan will cover more than the 26.7-billion drachma organizational deficit that is expected this year, 31 billion drachmas in interest and 34 billion drachmas in amortization that relates to loans of previous years, without, of course, the debt being paid off. The budget of the National Insurance Organization also foresees revenues of 303.6 billion drachmas compared to the budgeted 237.8 billion drachmas for 1985 and increased expenditures of 330.4 billion drachmas (220 billion drachmas in 1984 and 272.4 billion drachmas in 1985).

Of the IKA expenditures, a sum of 248.5 billion drachmas is set aside for pensions, 68.6 billion drachmas for health expenditures, 9.02 billion drachmas for administrative expenditures, 2.3 billion drachmas for IKA-TEAM /Auxiliary Insurance Fund for Salary and Wage Earners/ and IKA-ETEAM /Special Auxiliary Insurance Fund for Salary and Wage Earners/ expenditures and 1.8 billion drachmas in reserve funds.

The budget also provides for the following: 13.2 billion drachmas (9.6 billion drachmas in the 1985 budget) for medical assistance, 16.2 billion drachmas (15 billion drachmas in the 1985 budget) for pharmaceutical assistance and 18.8 billion drachmas (17.4 billion drachmas in the 1985 budget) for hospital assistance.

5671
CSO: 3521/89

ECONOMIC GREECE

REASONS FOR PROBABLE FAILURE OF ECONOMIC MEASURES

Athens I KATHIMERINI in Greek 6 Feb 86 p 5

/Editorial: "Problems and Solutions"/

/Text/ The minister of national economy and the prime minister are evidently continuing to believe that the economic measures that they put into effect last October will succeed, i.e. to decrease the foreign exchange deficit of the country's foreign accounts. Their optimism stems from their refusal to appreciate in its true dimensions all that is happening in the economy and consequently in their inability to adopt effective solutions.

What is clearly being described as going to happen is altogether the opposite from official expectations. Not only will our foreign exchange revenues not increase and our payments not decrease but the latter will actually increase without anything predicting an expansion of exports.

Revenues from tourism reveal their final net profits being limited in two ways. First of all because the devaluation of the national currency reduces the yield of foreign exchange per foreign visitor and secondly because the increase in the number of foreign visitors necessitates the import of a variety of products for their consumption needs. In other words, greater foreign exchange expenditures are necessitated. Moreover, remittances from emigrants are continuously decreasing not only because the number of emigrants is dropping but because they have been convinced that so long as they delay converting their money reserves into drachmas they will represent more drachmas in the future because of new devaluations.

Transfers of private capital will also show a downward trend because of the devaluation of the dollar that becomes one more discouraging factor for the realization of foreign exchange revenues from that sector. Finally, a strong blow to attempts to save foreign exchange will be developments in the fields of health and particularly hospital care. And this is one side of the "health" problem that will occupy government officials when they begin implementing provisions of the famous ESY /National Health System/ bu stripping hospitals, quantitatively and qualitatively, of their professional personnel.

The trend among the Greek people to seek better medical and hospital care abroad was motivated by their assessment that Greek hospitals had neither equally specialized doctors, as compared to their colleagues abroad, or modern equipment.

Nevertheless, the trend had begun to slow down after hospitals began to be equipped with quite a lot of modern equipment and to be staffed by professionals who had specialized abroad and also following official assurances that the state budget would allocate all the money necessary for health.

The implementation of the ESY forcedly upset the course of this favorable psychological climate of development by consolidating and generalizing the belief that flight from the Greek hospital care system constitutes a presumption of hope of recovery from serious illnesses!

The expenditure of foreign exchange that the dramatic experiment of the last few days has entailed, with the stripping of hospitals of their professional personnel, while there is no certainty that a sick person will ever again be closely followed because of the successive strikes by doctors, nurses and technicians, is not limited only to sick persons who want to seek care outside of Greece. It extends also to tens of thousands of other citizens who have engaged in illegally sending foreign exchange abroad so as to have it available if they have to travel abroad for health reasons.

It is indeed striking that only those who do not have the financial possibilities are the ones who are not now talking about how they can manage to deposit sums in a foreign bank that would permit them to face, without any pricks of conscience over indifference, any possible health problems of family members. These illegal, but so humanly justified, transfers of foreign exchange abroad represent ever increasing sums. It is the national-financial aspect of confusion provoked by the ESY since it was preceded by confusion over health becoming partisan!

So, neither will the goal that was designated to decrease the foreign exchange deficit be attained, with the price being the collapse of productive activity, the discouragement of even small investments that could be advanced, the downgrading of the workers' standard of living, the removal of their constitutionally safeguarded rights, such as the negotiation of their wages. It would have been very peculiar if the opposite were to occur. The problem, as revealed in a most convincing manner by ESY's vicissitudes, is not financial in nature; it is primarily political. And the political problem cannot be resolved either through Mr Papandreou's lectures on how capitalism will come out from its crisis or through partisan declarations in the interior of the country that aggravate the crisis of our capitalist system! The solution can only be political in nature.

5671
CSO: 3521/89

MONTEDISON, USSR NEGOTIATE OVER PLANT IN STAVROPOL

Milan L'UNITA in Italian 19 Dec 85 p 9

[Article by Giulietto Chiesa: "Billion-Dollar Megacontract in USSR for Montedison and ENI"; first paragraph is L'UNITA summary headings]

[Text] Moscow--According to Schimberni, who met the Soviet leaders, signature is now near. Plant in operation at beginning of nineties. Judgment on Kremlin's "new men."

Another "big coup" for Italian industry on the Soviet market. The president of Montedison, Schimberni, informed journalists that negotiations for a colossal billion-dollar plant to be constructed in the USSR have now entered their final stages. Prudent in his utterances, Schimberni did not want to get ahead of events. He said that the fierce Japanese and European competition has not yet given up, and that the Soviet authorities must still complete some technical tests before January 10. After which "we'll be in the thick of the commercial and financial bargaining." But the impression was left that the biggest part has been done. The petro-chemical facility will be built in the environs of the little town of Prikunsk in the Stavropol region.

Working on it--and here is a very striking innovation--will be a mixed public-private consortium, composed of ENI (National Hydrocarbons Agency) and Mondedison. "Italian chemicals went in united," Schimberni emphasized, adding that the two consortium partners are in a position to furnish not only petro-chemical technology, but also a continuous flow of know-how to completed plants, allowing them to remain at state-of-the-art levels both in basic and in applied fields. Montedison in fact boasts some 40 plants built in the USSR, all presently operating--added the president of the Italian corporation--despite the extremely varied climatic conditions under which they have been operating for years. Schimberni, who met, among others, the vice president of the Council of Ministers, Ryabov, the chemical minister Listov, and the vice minister for foreign affairs, Rizhov, said he had gained the impression that "the good relations established by Craxi and Andreotti with the Soviet Union are effective and prudent measures needed for successful economic relations with that country. "Naturally," he concluded, "as long as Italian industry can be competitive on a world level."

Impressions of the working climate found in Moscow? Schimberni said "the new man" he met on this visit left him very favorably impressed. "Concreteness and efficiency" seemed to him greater than in the past. In short, a real "change of pace." The new plant is to go into operation at the beginning of the nineties and will be endowed with very advanced technologies to meet specific and detailed requirements. But this isn't the only iron in the fire. Other, smaller negotiations are being finalized, and should go into force before the end of January 1986. Further, a special meeting of the joint Montedison-ENI/Soviet Science and Technology Committee commission, also scheduled for January, will be devoted to looking into a long-term research and study program. Schimberni fully explained to his counterparts, in addition, Montedison's new structure as an industrial holding company, with a motto very attractive for the Soviets: science, research, applied technology. They professed themselves "very interested." Thus, in substance, our balance of payments deficit should receive another push after the one it got from the Italimpianti megacontract. Also to be recalled are the negotiations initiated by Fiat as well, for the creation of large-scale facilities. This is bigger business than that agreed to in the sixties, that led to the construction of the great Togliattigrad facilities.

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BRIEFS

PRIVATIZATION OF AERITALIA--More than 30 percent of the capital of Aeritalia, the airline corporation of IRI (Industrial Reconstruction Institute) and Finmeccanica, will be privatized. The operation will be formally initiated this very day on the occasion of Aeritalia's stockholders' meeting. The reduction of the nominal value of a share from 10,000 lire to 1,000 lire will also be decided upon in this forum. IRI and Finmeccanica will seek stock-market listing for the stock, presenting CONSOB (National Corporations and Stock Exchange Commission) a request for admission to the Milan, Rome and Naples exchanges. The offering price will take account of the valuation made by the managing committee of the Naples brokers, Naples being the city with territorial jurisdiction in view of the corporation's headquarters. The sale of Aeritalia shares forms part of a complex operation that provides initially for an increase in capital, at par, from 250 to 300 billion lire, at the expense of the present shareholders (IRI as to 20 percent and Finmeccanica as to 80 percent). The shares will be placed half directly and half in the form of treasury stock corresponding to an IRI bond issue with warrants for the acquisition of this stock, exercisable 2 years after the bonds are sold. The proceeds of the bond issue will be remitted as financing to Aeritalia, which will assume all the obligations thereof. The share of capital that will have been placed after the warrants have been exercised will not be less than 32 percent of Aeritalia's corporate capital. It is thought that the overall proceeds of the placement could reach an order of magnitude equal to about 200 billion lire. The definitive terms and conditions of the placement operation will be published after the completion of required paperwork and the release of a favorable opinion by CONSOB. [Text] [Milan L'UNITA in Italian 18 Dec 85 p 10] /8918

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ECONOMIC NETHERLANDS

LUBBERS ON BUDGET CUTS, UNEMPLOYMENT TRENDS

Amsterdam ELSEVIERS WEEKBLAD in Dutch 18 Jan 86 pp 6-7

[Article by Piet Goosen and Henk Schol: "'I'll Accept That Challenge: 500,000 Unemployed in 1990'"]

[Excerpt] The Lubbers cabinet came to office at the height of the economic crisis. A gigantic budget deficit, 150,000 persons unemployed each year, and discouraged businessmen completed the picture. Since then, things look considerably different. But the job is not yet finished. Lubbers wants to keep going, together with the VVD. And as for the cruise missiles? A thing of the past.

[Question] In other words, a continuation of major budget cuts during the coming cabinet term. Is is possible to say where the ax will fall? Already now there are hints of once again giving public officials more buying power, for example.

[Answer] "Yes, you could ask yourself if that is still possible, just managing buying power alone. It's a tradeoff: either higher wages with a definite reduction in the number of public sector workers, or, keeping public officials on the payroll. At any rate, I think that the government's total wage bill may not increase in real terms."

[Question] Yet another place for making cuts: support measures for business. After all, couldn't they gradually be diminished somewhat?

[Answer] "You have to deal with that carefully. You must remember that such support has of course been a sensible investment in recovery and that the recovery is not yet complete. But in the case of such measures on behalf of business we are in fact dealing with a very great amount of money, something on the order of 10 billion guilders. It therefore makes sense to gradually reduce this upon returning to a normal situation. An extra legal reason for doing so lies in the fact that the amount is so high, in part, because it is partially financed from the income derived from natural gas. This has now declined sharply, thus this source is now less. The third reason is a tradeoff: If you were to reduce such financial support for companies, you would then do so primarily for budgetary reasons, that is to say, for considerations related to natural gas. Or do you want to bring about a shift in the tax cut from business to the private citizen or to solve the budget problem first. Of course, you could also mix these two, that's a policy matter."

[Question] A comprehensive tax cut for private citizens, for employees, can have a beneficial effect upon the development of labor costs.

[Answer] "Correct. These are related issues whereby social insurance contributions are also included, of course. In the long run, we must really continue to aim for a very cautious approach to labor costs. I see no reason for an overall increase in wages, to put it in practical terms. With the exception of so-called 'specific premiums' for shortages, competence, and the like. Why don't I see such a reason? We have now been able to reduce inflation to a very low level. We are experiencing cuts in taxes and social contributions. Buying power is remaining more or less stable. This has made a moderate development in wages possible. That's why the citizen is now saying: 'Of course, that's right! My buying power is staying stable and job availability is starting to grow again! We are now on the right path. The trick is to continue this policy."

Less Critical

[Question] The biggest hump is in 1987. Will things get somewhat quieter with the cuts after then?

[Answer] "Yes, but there is of course an additional, very important given. Something which should be heeded much more than the natural gas issue. It is, namely: To what extent will we succeed in putting more people to work? To the extent that we are successful in this, the problem area of adjustment will become less critical. By means of better coordination with the labor market, together with more training and retraining, at least 100,000 people per year should be put to work. In this way we'll be able to broaden the support basis. This is extremely essential. Don't forget also that we are faced with a question of aging. Those extra costs, offset by the lower costs for younger people, already now amount to, say, 800 million guilders per year. And naturally the society is always presenting new desires that cost money. The moment will come, for example, when municipal governments will have to establish new building sites for business. Yes! We haven't experienced that for about 10 years now, but the time will surely come once again. In the meantime, however, we will have to make do with a frugal government."

[Question] But no more minus lines, at most a zero line.

[Answer] "A zero line in real terms for the public sector, yes. Maintenance of buying power if at all possible. And thereby attempt to keep the development of wages on the same course. Provide as much leeway as possible to what we call the third track, job availability."

[Question] But no 32-hour working week. What else do you have to offer the trade union movement in exchange for wage moderation?

[Answer] "We continue to support general reductions in working time, it's just that we find the tempo of 32 hours by 1990 too ambitious. You have to do things more gradually and in a more differentiated manner. That is why we should encourage part-time jobs and continue with the early retirement process, even though it is quite expensive."

[Question] Those things are already functioning, employees have already been helping to pay for them for several years now. Is this all that you have to offer?

[Answer] "Well, I think that this is more than nothing. In addition to this there is also the general policy that makes it possible to maintain buying power even in the absence of wage increases. Even for those perusns whose cause is pleaded by the union movement, those without work. I would also be sincerely willing to support the unions if they saw a chance for including certain stipulations in their collective labor agreements--even if they would be only procedural in nature, because they would have to be tailor-made--which stipulations would be aimed at including more people in the company or in that branch of industry. We are supporting this in the field of education and training."

[Question] And for this reason you want a multiple-year social contract.

[Answer] "Yes. Why is that so important? If you gradually want to decrease such tax cuts for business, it is more responsible to do so in connection with comprehensive moderation in wages. But then again, comprehensive wage moderation should only be demanded together with comprehensive cuts in taxes and social contributions. Right? And in order to complete that box,"--he draws in the air--"you have to show that more people are being put to work. This isn't just a point for the trade unions, but also for the employees. Because you hear more and more businessmen saying: 'I would indeed like to expand, but I can't find the right people.' Here the investment in human capital is thus a joint affair!"

[Question] The most difficult question appears to be: Will people continue to be satisfied to put up with the management of buying power? Will they continue to accept that for a number of years?

[Answer] "Yes, of course!! I'm sure of it. As long as you are just able to give credible reasoning why an overall wage increase is not yet possible. We must therefore carry out a policy of moderate price development plus, to the extent necessary, cuts in social contributions and taxes. But perhaps even more important is the fact that business itself will see opportunities to put the fruits of the policy into visible practice. By making it possible for people to get promotions, something that you always find during an expansion when more people are being hired. If people see this happening, then they will accept the fact that an overall wage increase has been waived."

[Question] Even if the business climate is considerably improved and the companies are again making healthy profits?

[Answer] "Yes. The only problem is this: Such expansion, more people being put to work, cannot be forced by us here in The Hague. It has to happen in actual practice. We therefore make an appeal to the partners in the collective labor agreements. That's where the problem is. After all, it is always a great temptation to say, 'After you! Very nice, a good plan, but if nobody else does anything, why should I?' It's the well-known story of who's going to be left holding the bag."

[Question] Can you put it into practice? Less than 500,000 unemployed following the second Lubbers cabinet? That is something concrete, if it works out.

[Answer] "The FNV [Federation of Netherlands Trade Union Movement] and I are surprisingly close to each other on that point. We are both aiming for that number."

[Question] The FNV with its policy aimed at a 32-hour working week. That's a slight difference.

[Answer] "I'll accept that challenge: 500,000 in 1990. It's difficult, but it can be done. I'll commit myself to it. I don't need a uniform 32-hour working week to do so. More emphatically, it is the wrong road to take. I do not exclude the possibility that on the average the working week will become somewhat shorter, even after making the shift to a 36-hour week, but I am aiming more for that box which I just described in connection with education and training."

[Question] So you're not very enthusiastic about the figures submitted by the gloomy people at the Central Planning Bureau?

[Answer] "That's correct, I'm not all that enthusiastic about them."

Development

[Question] All the same, an increase in labor productivity by 1-1/2 percent per year and an increase in the size of the working population, also by 1-1/2 percent, will require an annual increase in the number of jobs equal to 150,000. And even then nothing is going to change about the unemployment rate, according to these estimates.

[Answer] "I am also assuming a differentiated decrease in working time of between 2 and 2.5 percent annually. That would therefore make a difference of 100,000, but aside from all of the figures, there is also something else going on. That is also quite obvious. What I see happening is that people are not becoming lazier, rather that they are also getting more time for other things because of reduced working time and part-time jobs. Things having to do with social life, organizations, cultural affairs. But included in this is also an element of self-development, participation in classes. All of this also has a multiplier effect. It results in activity. After all, there really must be the possibility for reinforcing the input of human activity! And once they have the feeling that they are participating--and let that include part-time jobs as a component--then something is going to start moving and thereby I'll come out better than these estimates based on models. These models count something like training as non-employment. That is of course correct in a formal sense, but the persons involved are in fact quite active and that, of course, is an excellent investment! That's why it really will work out. In my view, it's going to work out. Not just by continuing to create days with nothing on the activity list. It has to include an idea about what's going to happen with the time."

We have arrived at Lubbers' concept of society. If he has anything to say about it, such a society will not become the world termed the "no nonsense" society by some people, where the guiding principle will be "Save yourself, brother! Then everything will be all right!" The premier describes the radical changes which are in the offing, such as aging and the new information society where the citizens, in his view, will have to be able to get involved, a process where the government can lend a hand.

According to the CDA frontrunner, the most difficult task during the coming years will be "to combine self-development in a modern way with the social element of 'man has need of his fellows.'" To prevent the formation of a cold society, to bring more warmth into society, is how he described it to his party's newspaper. No sinecures, because The Hauge can't do everything either. He views a kind of central heating for society, with politics in The Hague serving as the furnace, as being unrealistic. Of course, and this is also something for the CDA's fundamental philosophy, extra attention must be devoted to society's social bonds. The family, but also the "school of the elders," the work councils, and private associations. "We have to follow the path back again," he says, referring to social security. Much of the trouble for the unemployed and for those incapable of working was "compensated" during fat times in the form of high benefits. Things don't work that way, is what Lubbers has to say. It's a matter of "investing in the power and the development possibilities of the citizen and of the society's bonds. When in doubt, I would take aim at this more so than at the government."

[Question] Practical politics then give rise to the question of which coalition best conforms to this idea of society. In a social and economic sense, the CDA and the PVDA would appear to be closer together than the CDA and the VVD.

[Answer] "No, in a social and economic sense the distance between the CDA and the VVD is not very great. There are differences of interpretation. I find the VVD to be somewhat optimistic at times. Where additional adjustment possibilities are concerned. Management of buying power for everybody, hints here and there of wanting to put an end to the zero line for the government, then I think, how do you combine that with the enormous adjustments that you also want to make? But that is mere elaboration. No, in terms of numbers the distance among the large parties has diminished. Then there remains a bit of political vision. There is some unease among business about 'what will the Labor Party do if it's part of the government again?' I can understand that very well. This is also an important component. After all, it's not just a matter of what's happening in The Hague, but also a matter of mobilizing forces to do good in the society."

"Well, and what is the heart of the matter then? The heart of it is that the VVD and the CDA together have proven their ability to conduct a policy which at least offers prospects in the area of jobs and economic recovery. Right? That we have been able to find reasonable solutions in the realm of compromise concerning the issue of individualism. The situation is only somewhat worrisome with regard to a number of questions which are more matters of principle, life and death issues. Here things are difficult."

Results

[Question] In other words, the differences are not that great in the social and economic field, but we can reasonably deal with the VVD, and whether or this is also possible with the PVDA, is that still the issue?

[Answer] "Yes. That's it exactly. Given the society that we have now had, it stands to reason that you would first see whether or not a CDA-VVD cabinet could be put together once again. That would appear to be obvious to me. If the election results permit one to do that, of course."

[Question] Thus, talk to Nijpels first if the latest polls become reality?

[Answer] "Yes. Whether or not that will work like this in a technical sense, I don't know. If the Labor Party turns out to be the largest, it will perhaps make inquiries or form a coalition. But if you mean it as a matter of political intent, from the sound of things, then yes."

[Question] On the basis of the PVDA's stand on the cruise missiles and the line which you take on that issue, it would appear senseless to talk to the social democrats.

[Answer] "I understand very well that the cruise missiles are a very important question for the Labor Party. But in the sense of a political controversy it is a thing of the past, even though the agreement must still come before the Chamber. It is not a thing of the past as a political issue. But with respect to a potential cabinet formation, it is solely a problem for the Labor Party."

[Question] But in the case of your getting a favorable election result, and if you are able to go talk to the VVD, the issue will not arise.

[Answer] "It isn't an issue. It was an issue during the past cabinet term and during this one, but it won't be during the following one. We are talking about the past, as I see it. If it is approved in the Chamber, the agreement will no longer come up for discussion after the elections. Then you would still be in a position to talk about questions such as: How will you conduct your security policy in view of this agreement? Or: What should we do about our defense expenditures, or about other branches, what position will you take with respect to Geneva, which is, after all, the place where reductions, a decline in the number stationed, must be reached? All these things. There is still a whole lot that needs to be discussed with one another, but on the basis of a different situation."

[Question] Will you still go to Moscow?

[Answer] "That is under serious consideration."

Inflow

[Question] Finally, would you care to provide an advance hint about a new government platform, in terms of its major points?

[Answer] "The main point is continuation of current social and economic policy with a supplement, elaborated, if possible, within a social platform, dealing with that element of putting more people to work, especially those who have been on the sidelines now for a long time. Education and training, even for people who already have a job. Upgrading so that there can again be an inflow into the companies from the bottom up. Two important addenda: following an initial adjustment to reduced natural gas revenues, a shift in tax cuts from the business side to private citizens, including the recovery of income-dependent subsidies. We have to take a good look at all of this."

"Then you have what we call the institution of society. This includes things which I've already mentioned, but also matters such as safety, order, criminality. This whole package, all of it is inseparably linked together. We will still have much work to do with offshoots to other policy areas. It is more than just separate compartments, I would only say. You could view it as a separate track."

"In addition, there are a number of other more specific points in terms of immaterial things which we will perhaps be able to take up in a satisfactory manner, but which for the same amount of money will require a lot of policy attention in order for a good solution to be reached."

"But we have to stop you."

Thorbecke and Her Majesty listened in silence. None of the four telephones on the premier's desk rang during our conversation of 1-1/2 hours. A new guest is waiting in the anteroom. Soon afterwards you hear "Se habla Espagnol?" in the Tower. Governing is a matter of looking ahead, and certainly so for the chairman of the EC Council of Ministers who soon will be allowed to greet there his Spanish colleague who recently became a member. Lubbers is also participating in a study class.

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CSO: 3614/58

FIRMIN AERTS ON MONEY NEEDS OF LIMBURG COAL MINES

Brussels LE SOIR in French 24 Jan 86 p 2

[Interview granted by Firmin Aerts to Guy Duplat: "Firmin Aerts Restarts Community Polemics by Demanding National Funds for the Mines"]

[Text] [Question] The deficit of the Limburg mines (the "K.S.") is assessed at 12.9 billion for 1986 alone. By next June the national funds will have been exhausted. The March 1984 law stipulates that after June, Flanders will take over in accordance with the laws of succession. Would that suffice?

[Answer] This year we shall fall short 6 to 7 billion to finance the K.S. losses. We must find a financial solution, for any plan for restructuring would take years and the problems cannot be resolved in 1986. The solutions we shall have to reach should not precipitate matters in Limburg. I would like to avoid a social upheaval and another Zwardberg.

[Question] But is national financing still possible?

[Answer] One could borrow. This is a possibility but an expensive one. I believe that the law of March 1984 is not a fixed monument. Should that have been the case, if laws could not be amended, ministers would be nothing but performers without possible creativity. We must allow a political margin around this law. I am well aware of the fact that by saying this I will be facing community problems. I regret it, for the future of our coal is not a community but rather a national problem. It is a problem of energy... If we were to consider problems of energy as purely regional, life in Belgium would no longer be possible.

Is the Soup Too Hot?

[Question] Mr Gol, the vice prime minister, nevertheless recently stated that he would refuse the national refinancing of the coal mines for the sake of an energy policy.

[Answer] This is what was written but I did not hear Mr Gol say it personally. I strongly doubt that he said it. In any case, soup is never served as hot as advertised. A discussion should be possible.

However, other possibilities for financing the K.S. exist. Let me remind you that the national appropriation of 31.9 billion for the K.S. was to be initially pegged and the sum total was to be an integral part of a management contract with the leadership of the mines. The government subsequently decided not to peg the funds by combining them with Cockerill-Sambre. Legally, however, this could pose a problem. A contract must be honored. I am certain that if the mine administrators were to go to court to claim the pegging of the national funds, the court should take into consideration this stipulation of the basic contract in accordance with the law of March 1984.

I repeat, the necessary funds for 1986 must be found. On a longer-range basis a great deal will depend on external factors, such as the world energy crisis and the rate of the dollar. I point out that for this year the 4.2 billion loss will be due exclusively to the lower rate of the dollar.

Coal at Any Cost?

[Question] Another way of national financing, paid for by the sum total of power users, would be a return to the "surprice" which electric power producers paid until 1 year ago to the Limburg mines, or 1 billion franks per year.

[Answer] Do not speak of a surprice. To me this was the real price. For that reason we should return to last year's situation and reintroduce this additional payment. I do not have to explain again the relative advantages of Campinois coal. I would like to emphasize, however, that the price of imported coal, which is the base for the sale price of Campinois coal to electric power manufacturers is artificially low. This was a dumping price. This was clearly the case of American coal and was equally clear for the coal coming from South Africa, for in that country black manpower is not paid but brutalized. Polish coal as well has a political price. I have asked the EEC to study the problem and to forbid charging unrealistic prices for imported coal.

[Question] The government has set up five task forces to study the problem of the mines. They should submit their conclusions before July 1986, with the exception of the group which should resolve the problem of merging the Winterslag and Waterschei managements before the end of January. The trade unions refuse such a merger now. What do you think?

[Answer] I believe that a general agreement could be reached on this subject. There will be a meeting of the task force next Saturday. I shall consider the problem after that.

[Question] But if, come 30 January, the government were to make a decision, there may be an explosion in Limburg; should the government fail to reach a decision the administrative council of the K.S. would be furious, for a delay in its plan would lead to yet another 1.5 billion in losses this year.

[Answer] Although this figure is being bandied about, I remain skeptical. This is an Ali Baba type of world with people juggling with billions. So long as I have no written figures I will say nothing.

Another Two-Horse Power Car . . .

[Question] Another case, that of Belgoprocess. The problems seemed to have been dropped and the power manufacturers are unwilling to assume a 30 billion investment alone. The Germans are unwilling to assume the financial risk for this nuclear reprocessing plant in Campine.

[Answer] I am not satisfied with the current features of this project. I would like to know more. I want files and documents. The Synatom administrative counsel, which should make a decision on this project, could meet ten times if it feels like it. No decision will be made as long as the file is not complete.

[Question] But there has been talk about it for the past 10 years. How long will such hesitations go on?

[Answer] Another 2 to 3 months. The time to question the French and the Germans. I want proof that the other partners are unwilling to take over 45 percent of the Belgoprocess plant. I want this project for the sake of the country's independence. Currently, the French reprocessing plants are offering discounts. However, should they acquire the reprocessing monopoly, who can assure us that they will not raise their prices? The French have always been able to sell us two-horse-power cars by making us believe that they are selling us real cars . . .

[Question] Have there been major disagreements with Maystadt concerning this project?

[Answer] Not at all. We are absolutely on the same wavelength.

[Question] Final question: the equipment plan. When will a decision be made concerning the new nuclear power plant and when will the decision about coal be made?

[Answer] The moment we have received the opinion of the committee for gas and electric power control we will decide both the question of the new nuclear power plant, the combined production of heat and electricity and the power plants using slurry coal. This will enable us to make use of coal containing a high percentage of dust mined at K.S. This type of power plant has not been entirely developed yet. However, we would be able to make a decision as of now to build one after the technique has become functional. This would take place in Limburg but also in Wallonia, using the Bressoux prototype.

5157
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MINISTER: COUNTRY TO BENEFIT FROM OIL PRICE DECLINE

Vows Maintaining Energy Policy

Copenhagen BERLINGSKE TIDENDE in Danish 6 Feb 86 p 1

[Article by Jesper Elle]

[Text] Minister of Energy Knud Enggaard finds that it will be dangerous to forget the good intentions of the Danish energy policy even if the oil price should become stabilized at a low level. The development of Danish technology and research in the development of other energy forms will have to be continuously stimulated.

The sharply declining oil price in the international market which some people fear may reduce the incitement to develop alternative forms of energy, will not have any influence on the Danish energy policy. Knowledge and research within the area of energy will be continuously stimulated, says Minister of Energy Knud Enggaard. "It will be dangerous to forget the good intentions, and it has been agreed that the objectives will not be changed. The same agreement exists in the cooperation within the International Energy Agency, IEA," says Knud Enggaard. "First of all, we shall see at which level the oil price become stabilized, but also in the case of other and lower price relations, it will be important to maintain the technical knowledge within Danish energy research. We have to be ready for the day when the situation will change anew.

The government wants to stimulate the development, and, in this respect, we have benefitted and may continue to benefit, in particular, by the EC energy demonstration program," Knud Enggaard says.

The economic situation within the Danish natural gas project, which is dependent upon the international oil price, is examined annually, and such an examination will be undertaken prior to the general meeting of DONG [Danish Oil and Natural Gas] to be held next May, says the Minister of Energy.

Knud Enggaard participates today in the Norwegian oil seminar, which yesterday gave rise to rumors of a meeting between Norwegian Minister of Energy Kåre

Kristiansen and one of the OPEC oil ministers immediately after the oil seminar.

The Norwegian Minister of Energy will most probably meet with one of the OPEC ministers in the near future. Nobody within the Norwegian Ministry of Oil and Energy, however, wants to reveal when and where.

"The meeting will not take place over the weekend, and the Norwegian energy policy has not been changed," says Undersecretary Arild Rødland of the Norwegian Ministry of Oil and Energy.

Could Help Trade Balance

Copenhagen BERLINGSKE TIDENDE in Danish 6 Feb 85 p 12

[Editorial: "The Government and Oil"]

[Text] There are things which are certain in the midst of the uncertainty about oil price developments. The OPEC countries have got the weapon that they may more or less double their present production. The rich ones among the oil-producing countries will avail themselves of this power to regain their market shares and force countries such as Norway, Great Britain and the Soviet Union to limit their production. So far, oil prices have declined by nearly 50 percent compared to last fall, but the poor oil-producing countries wince at the idea of continuing along that road. And prices have not yet reached the level where production in the North Sea would become unprofitable. Some of the experts predict that once the enormous nervousness has abated, the oil price will stabilize at a level that will be upwards of 20 percent lower than last year. It is true that predictions are of dubious value at present, but it is probably true that oil prices will not, in the near future, revert to the high levels we have previously experienced.

While the present developments present both drawbacks and advantages to Great Britan, they are bound to be a blow to Norway, which has got used to fetching one fifth of its national product from the North Sea. Within the Danish territory, DUC [Danish Underground Consortium of Oil and Gas Firms], in which A.P. Møller is part owner, will be the hardest hit, since, without becoming a losing concern, it will be losing billions of kroner in profits. However, also the state-owned DONG will be affected by it. The 4.6 billion kroner which in order to make ends meet DONG will have to get from the Treasury over the next 20 years, may become doubled or tripled if both oil prices and the dollar rate of exchange stabilize at a 20 percent lower level.

As far as the Danish economy is concerned, the situation is different. A decline in oil prices of 20 percent will result in immediate import savings of nearly 4 billion kroner and thus a corresponding improvement in the balance of payments. However, and this should be noted, the lower prices will, at the same time, increase real incomes and thus create the basis for increased consumption, which will, immediately, absorb up to half of this foreign exchange improvement. It is possible that the pressure on imports will become even greater because part of the Danish production is already fighting with bottleneck problems. This even in a situation where Denmark has got a chance of increasing its export to the countries which--like Sweden and Germany--will also benefit by the declining oil prices. An opportunity which ought not to be thrown away.

It is, therefore, a question whether Denmark, which has set for itself the goal of reaching a balance of payments equilibrium by 1988, can afford to allow the drop in oil prices to be reflected in a higher rate of consumption. The argument which last December led to increased energy taxes carries as much weight now that the decline in oil prices proves to be considerably larger than expected.

The government wants to wait and see at which level the oil price will become stabilized, and the Folketing, moreover, has got enough on its mind in view of the upcoming referendum. But once that important referendum is over, the government will have every reason to bear in mind that the oil price trend opens up a realistic possibility of bringing about a much needed balance of payments improvement. The government will have reason to blame itself if it does not seize this sensible possibility. There is no doubt about that.

7262
CSO: 3613/66

NUCLEAR POWER PLANTS HELP STABILIZE ELECTRICITY COSTS

Duesseldorf HANDELSBLATT in German 22 Oct 85 p 18

[Article by gw: "Expensive Coal Can Be Afforded Only by Using Inexpensive Nuclear Energy"; first paragraph in bold print]

[Text] Munich--For the 1984/85 fiscal year (30 September) Bayernwerk, Inc., Bavarian Land Electric Supply, Munich, is again able to present a very good balance sheet. The growth in consumption of public current supply in Bavaria was a good 4 percent in the first 9 months of calendar year 1985, and was thus again higher than the federal average of 3.5 percent. The profit situation improved as well; according to Dr Hans Heitzer, chairman of the management board, not the last factor in this improvement is the "excellent operating results" of the white and blue nuclear power stations.

Due to the big increase--a good 12 percent--in usable current delivery, the turnover proceeds of Bayernwerk, Inc., rose to DM 3.85 billion (3.25 billion in the previous year). The Bayernwerk group notes an increase of 5.5 percent in usable current delivery, so that the turnover reached about DM 5.5 billion (5.2 billion). Due to the large share of low-cost nuclear energy--51 percent in the corporation and 45 percent in the group--and in connection with cost optimization within the group, the annual surplus of the mother firm Bayernwerk, Inc., increased by approximately 15 percent to a good DM 120 million (105 million). Dr Jochen Holzer, chief of finance and deputy chairman of the management board, hinted cautiously at a dividend hike of from 9 to 10 percent.

Although in the current year 1985/86, as well, current prices in the Bayernwerk area will remain stable. Holzer again expects a satisfactory result. Current prices in Bavaria in the Eighties are in a particularly stable phase. The excellent operation of the nuclear power plants permits absorption of a major part of the high environmental protection costs for the coal-fired power plants: Heitzer indicated that the entire environmental protection costs of Bayernwerk for the Eighties will be about DM 1 billion, of which DM 600 million are allotted to desulfurization and DM 400 million to reduction of nitrogen oxides.

The Bayernwerk management board has already announced that necessary current price corrections will run within very narrow bounds for the remainder of this decade in Bavaria if the situation on the energy market remains fairly normal. In any case, current price increases should clearly fall short of the annual inflation rate of 2 to 2.5 percent, so that in Bavaria electrical energy is becoming less expensive all the time in real terms. Finance Chief Holzer stressed that, because of this, the white and blue Free State will become an ever-more attractive location, especially for current-intensive branches of industry.

Holzer welcomed particularly the first partial erection permit for the Wackersdorf Reprocessing Plant, which is yet to receive its building permit. Of the 12 energy supply enterprises (EVU) which are partners in the German Company for Reprocessing of Nuclear Fuels (DWK), Bayernwerk has a share of 14.6 percent, so that about DM 1 billion of the total DM 6 billion erected cost of the Wackersdorf Reprocessing Plant must be borne by the Bavarian Land electricity supplier.

In the past financial year the cost of desulfurization and nitrogen oxide removal measures was about DM 100 million. Reserves for this purpose were increased by a similar amount before reporting of the annual surplus.

Last but not least, Holzer appealed to the SPD-controlled Laender of North Rhine-Westphalia, Hesse, and Saarland: "Anyone who stands in the way of the reasonable use of nuclear energy should know that he is thereby pulling the rug from under any consensus coal policy in the Federal Republic, both economically and politically. Expensive German coal, which costs about DM 100 more per metric ton than coal available from other countries all over the world, can only be afforded within the framework of the Century Contract by means of low-cost nuclear energy."

Bayernwerk Chief Heitzer expects to see the Isar 2 (KKI 2) nuclear power plant put into operation in the first half of 1988; the builders' treat ceremony took place there early in October. Time- and cost-wise, proceedings are within the planned framework. No longer is any Bayernwerk installation "deplored." Heitzer counts on a further improvement in atmospheric pollution levels: whereas in 1984 approximately 75,000 metric tons of SO_2 were still emitted from the power plant chimneys--down from some 400,000 metric tons in 1976--for 1985 he expects a further reduction to about 60,000 metric tons. After putting into operation all flue gas pollution abatement facilities, some of which are almost 2 years ahead of the legal retrofit schedule, the power plants will emit less than 20,000 metric tons of SO_2 per year, which is only 5 percent of the 1976 maximum. In the reduction of nitrogen oxides by the group's power stations, values by the end of the Eighties are expected to be about two-thirds below the former maximum values.

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ENERGY FINLAND

SOVIETS IRRITATED AT DISCLOSURE OF NATURAL GAS DATA

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 86 p 25

[Article: "Amount of Gas Imported to Be Made Secret; Soviet Union Annoyed by Dissemination of Price Data in Customs Statistics"; first two paragraphs printed in boldface]

[Text] In the near future, the Customs Administration Bureau intends to declare secret the amount of imported natural gas. The current practice will be changed so that the bureau reports only the total value of the natural gas imported but does not reveal the number of cubic meters imported.

The idea to initiate secrecy stems from the Soviet union. Ulf Schmidt, the director responsible for Neste's gas transactions, reports the Soviet Union is displeased that "the entire world can find out the unit price of Soviet gas from Finnish statistics."

Eero Kuisma, assistant department chief of the foreign trade division of the Customs Administration Bureau, confirms that a plan to initiate secrecy is under consideration. "At this stage, no decision has been made on the partial nondisclosure of information, but it appears it will come up for discussion very soon," he reports.

The bureau may make the decision in February. The goal is to have concealment of gas amounts go into effect from the start of the current year.

The new procedure of the Customs Administration Bureau applies to gas data for this year. The bureau will disclose last year's figures in keeping with its former practice.

"We have dozens of commodities about which we do not disclose all data. This is based on the fact that in a small country one firm is active in an area and so foreign trade statistics would then contain information about just one company," explains Kuisma.

"The secrecy usually applies to exports, when sensitive price data cannot be determined from statistics. To some degree, the procedure is adapted to imports if the situations are analogous. In the Federal Republic of Germany, for example, a portion of the natural gas data is left undisclosed."

The decision to keep something secret is made by the Customs Administration Bureau upon application. The bureau does not want to reveal who might be in the petition's background.

"I cannot mention who is pushing it, but secrets generally go hand in hand with interests," continues Kuisma.

The statistics office of the Customs Administration Bureau makes the decision in routine matters. If the case is important, it is transferred to the chief director or the bureau council.

Soviet Union Irritated

Schmidt, the director responsible for Neste's gas transactions, admits that keeping [the amounts imported] secret has been discussed with customs. "We are contemplating in what form we will submit the petition. The situation is now bad because the entire world knows our purchase price, and that has raised difficulties in the natural gas negotiations," complains Schmidt.

The Soviet Union's irritation results from the fact that it supplies gas to its European customers at different prices. The Soviet Union receives a higher price from Central Europe, because there the gas substitutes for light fuel oil. In Finland, the gas competes with heavy fuel oil, coal, and peat.

"We have succeeded in obtaining cheap gas, and the other Western buyers of gas are very surprised at the Soviet Union's methods of doing business. In my opinion, it is not in our interest for everyone to know at what price Finland purchases natural gas," argues Schmidt.

"The issue was brought up by the Soviets when prices were being discussed. They are annoyed by the fact that matters we agree upon confidentially are made public," reports Schmidt.

"We have noticed that the trend is similar in other countries. Disclosure is easy in the Federal Republic of Germany because the country buys gas from four or five sources. This is also true of France. But when the gas comes from one direction, we could just as well announce the monthly price quotations in the newspaper."

Forest Industry Wants to Keep Tabs

The most displeased with the customs' intended procedure is the forest industry, far and away the largest consumer of gas. In 1984, for example, the manufacturers of wood products used nearly 80 percent of the gas.

By dividing the value by the amount, the forest companies have been able to keep tabs on the sensibleness of Neste's pricing. This possibility will vanish in the future.

Schmidt vehemently repudiates suspicions that the company seeks to defraud customers. "The major customer buys gas the same way we do from the Soviet Union."

Maintaining Secrecy Is Country's Practice

It is the country's practice to maintain an aura of secrecy around imported natural gas. When Neste offered the gas to the cities, the municipal politicians were told the price--a big secret.

Gas costs 800 marks per thousand cubic meters. The amount corresponds in its energy content to nearly a ton of oil.

According to agreements between Finland and the Soviet Union, a billion cubic meters of gas should be pumped annually into Finland, but that amount has been reached only once.

In energy transactions, the Soviets are sensitive about price matters. At the seller's request, for example, Neste has not disclosed the value of a barrel (159 liters) of imported oil. The company for its part has no need to make this information public.

12327
CSO: 3617/66

ENERGY PORTUGAL

1985 ELECTRICITY CONSUMPTION SHOWS INCREASE

Lisbon EXPRESSO in Portuguese 18 Jan 86 p 16

[Text] Total electrical energy consumption came to 19,689 gigawatt hours in 1985, up 5% over 1984. Although there was an increase of 10% in the production of electrical energy using water resources over the preceding year, total electrical energy production declined about 3% during the same period.

The EDP officials decided that the import of electrical energy was a more profitable option than exploiting the existing production capacity of the thermic powerplants, such that thermic electrical energy production showed a sharp decline of about 185 below the level in 1984. This option, pursued throughout the greater part of the year, only saw a significant change in the last 4 months of 1985. As a result of the choices made, the import balance deteriorated substantially in comparison to 1984, reaching a level at the end of last December of 2,245 GWH, while the figure for the preceding year was only 711 GWH.

During the last 4 months of the year just ended, a substantial rise in thermal production of electricity was seen, because of the limited rainfall and the low dam reservoir levels. This production served to satisfy the bulk of the existing requirements. The need to manage the reserves found in the reservoirs, which were at the level of only 39% of their total storage capacity at the end of last November (after having reached the 94% level in April) is said to have been the main factor responsible for the change.

The choices made throughout last year are believed to have produced rather positive results in the trade balance. The volume of oil imports saw a drop of 13% between January and october 1985 as compared to the same period of the preceding year, a situation doubtless related to the excellent production of electrical energy using water resources, and the policy pursued throughout the year in the energy sector.

The development of electrical energy consumption during 1985 may mean that in the second half of the year just past, the production of the Portuguese economy as a whole developed more positively than previously predicted.

In fact, it was in the last part of the year that electrical energy consumption developed the highest rates of growth, and this can only be explained by good progress in overall productive activity.

5157
CSO: 3542/60

GOVERNMENT CONCERNED WITH UNANTICIPATED ENERGY CONSUMPTION

Stockholm DAGENS NYHETER in Swedish 15 Feb 86 p 8

[Article by Kaa Eneberg: "Electricicity Consumption Will Immediately Be Investigated"; first paragraph is DAGENS NYHETER introduction]

[Text] The government is prepared to take prompt measures to reduce the increased consumption of electricity. The reports about the large increase in consumption will therefore immediately be investigated.

That information was given by Minister of Energy Birgitta Dahl in a debate in the Riksdag on Friday. She totally dismissed Conservative Per-Richard Molen's demand for increased nuclear power construction as the only way to get Sweden out of the approaching energy crisis.

"It is a disservice to terminate nuclear power. It is an unforgivable squandering of tens of billions of kronor to stop nuclear power. Terminate instead the anti-nuclear power movement," said Molen, who initiated the debate.

Molen said that nuclear power is "the key to the industrial growth" that Sweden needs. Today business does not dare invest in energy-intensive processes while confronted with the threat of higher electric rates.

A Challenge

Birgitta Dahl quoted some opinion in the business world as proof of her view that more effective utilization of electricity is needed in industry, rather than expansion of electric power. She cited a letter from "an influential industrialist" who saw the development of energy-saving production processes as a great challenge.

Molen pointed to Sweden's competitor countries in Europe which invest heavily in nuclear power in order to get cheap energy, while Ivar Franzen (Center Party) cited developments in the United States, with long experience in nuclear power, as a better guide.

"In the near future investments in wind power will dominate, while nuclear power is regarded as neither clean nor safe," said Franzen.

Franzen also demanded that the government not permit the replacement of the steam generators at Ringhals 2. Dahl gave assurances that the government would not allow that as long as there is the least doubt about safety questions.

Lectured

Dahl was lectured by Hadar Cars (Liberal Party) for her statement that she and the Social Democratic government were not planning further river expansion. Instead the Social Democrats in the Riksdag are the only party that is considering further river expansion.

Dahl said that it is obvious that they want to protect the rivers, but she pointed out that last year the Riksdag determined that "there should be further consideration of the role that water power can play in connection with the development of nuclear power." The four main protected rivers are however still exempted from such consideration.

9287
CSO:3650/138

JOINT ARCTIC RESEARCH PROJECTS PLANNED WITH SOVIETS

Oslo AFTENPOSTEN in Norwegian 6 Feb 86 p 11

[Article by Torill Nordeng: "Norwegian-Soviet Joint Research Work in Arctic: Polar Bear Data to Be Exchanged"]

[Text] Norwegian and Soviet researchers met in Oslo last week to discuss bilateral joint research work in the Arctic. It is expected that at the end of the year the two sides can sign an agreement which, among other things, will contain projects concerning aurora borealis observations, oceanographic studies in the Barents Sea, studies of each other's paleonotological museum collections, and studies of polar bears and seabirds in the Arctic.

Norwegian Polar Institute Director Odd Rogne met the Soviet delegation of scientists which comes from the State Committee for Science and Research in Moscow. Rogne, on his part, is the chairman of the National Committee for Polar Research in Norway.

"On the part of the Norwegian Polar Institute great emphasis is being placed on the fact that Norwegian-Soviet bilateral joint research work in the Arctic can produce good technical results. We are neighbors in the north and, not least, it is important that polar researchers can meet and become familiar with each other's ways of working and results. There are many major research problems in the north which there can be joint work on," Rogne says.

Aurora Borealis

One of four items of a discussion plan between Norwegians and Russians is observations of the aurora borealis. Here it can become a question of Soviet researchers' getting an opportunity to study data from observations which are made in Ny-Ålesund and on Bjørnøya. Comparable Soviet observations are being made in the vicinity of Novaya Zemlya and Franz Josef Land [Zemlya Frantsa Iosifa]. Data from there can be relayed to Norwegian researchers.

Oceanography

As far as oceanographic studies in the Barents Sea are concerned (studies of ocean water currents, salinity and temperatures), there is agreement regarding joint work in the straits between Franz Josef Land and Greenland. To what extent just data will be exchanged, or whether Norwegian researchers will be able to take part in Soviet expeditions, and Soviet researchers on Norwegian vessels, have not been clarified, Rogne reports.

Researchers also desire cooperation in studies of paleonotological data which have been collected at museums in Norway and the Soviet Union. Rogne figures that a practical solution here will be to open mutual museums for foreign researchers in accordance with a more detailed agreement.

Biology

Joint work in biological research will be limited to polar bear and seabird studies. It will be very interesting to Norwegian researchers to gain better knowledge of the movements of polar bears in the Soviet Arctic. Also, to be able to estimate how large this population is.

To what extent there will be joint field studies of seabirds it is too early to say, according to Rogne. To begin with, there is talk of exchanging research data and information regarding each other's projects.

8831
CSO: 3639/76

NUCLEAR RESEARCH CENTER FOCUSES ON ENVIRONMENTAL ISSUES

Duesseldorf HANDELSBLATT in German 13-14 Dec 85 p 25

[Article by Werner A. Kral: "Solution of Environmental Problems Is a New Focus of Research Work"; first paragraph in bold print]

[Text] Prof Dr Horst Boehm, chairman of the management board of the Karlsruhe Nuclear Research Center (KfK), stated at the annual press conference that program changes which have already been conceived at the KfK will be carried out more rapidly in the future, and additional new tasks will be taken up more readily.

Present program planning makes increasing use of the fact that nuclear technology research at the KfK has also led to the acquiring of extensive know-how in areas outside the nuclear field and has promoted the building up of interdisciplinary teams of scientists, engineers and technicians. Environmental technology is a particularly relevant beneficiary of this potential. Two major nuclear technology activities will shortly be brought to a close. One is the "nuclear safety" project which the KfK will complete in 1986, and the other is the "nozzle process," an independent KfK development for enriching uranium 235 which can be completed by about 1988. Remaining activities in the area of nuclear safety will be continued as a part of work with other emphasis. For example, safety tasks particularly relevant to the environment will be integrated into the "Technology-Man-Environment" (TMU) area of emphasis.

After the aforementioned projects run out, the "classical" area of responsibility in nuclear technology at the KfK will give priority to inclusion of research work on nuclear waste disposal and the fast breeder and will make up "just" about 30 percent of the entire R&D program. Instead, the "nuclear fusion" field of work will rise from a present share of approximately 8 percent to about 20 percent. Even so, roughly half of the research and development program of the Nuclear Research Center will then no longer be in the field of nuclear technology, where those responsible consider it necessary for various reasons to definitely maintain the nuclear technology part of the work remaining after 1988 at about the existing order of magnitude for the medium term. The KfK in particular has the required technical and scientific infrastructure to carry out the most varied nuclear technology R&D tasks and to act as the German partner in international cooperative activities specified by governmental agreements. In addition, in many cases where support is needed, the KfK takes on the role of a partner in research and development with the aim of training and technology transfer. And, last but not least, the KfK's activity as an expert witness--because it has the expertise--will also be of importance in the licensing process of future nuclear plants.

200 Employees Are Working in Nuclear Fusion

With regard to nuclear fusion, the project being carried out in close collaboration with the Max Planck Institute for Plasma Physics at Garching will soon reach its planned final size. At present about 200 employees are working on this project. However, the next decision deadline on the extent and aim of this program will be possible only in the middle or toward the end of the Nineties, when a European decision will be made on the NET (Next European Torus) Plant, in whose early planning the KfK is decisively involved.

For the nuclear fusion project, which is divided into five focal areas--design studies for fusion reactors, materials development, superconductive magnet, heating systems and nuclear technologies--an investment figure of DM 49.6 million is planned for 1986-1989, and a figure of DM 250.9 million for operating expenses (including depreciation).

The Second-Largest Breeder in the Western World

In connection with the "fast breeder" project, reference was made to the completion of the SNR 300 prototype power station in Kalkar, with initial operation expected (hoped for) in 1986. If everything goes as desired, the Federal Republic will have in the SNR 300 the second-largest fast breeder in the western world (the BN 350 and BN 600 prototypes are operating in the USSR). At present at the KfK, the initial operation licensing process for the SNR 300 is still taking its course.

An additional peak in activity is the grant of the partial erection permit for the Wackersdorf Reprocessing Plant, a part of the KfK's reprocessing and waste disposal project. Although the KfK will devote itself increasingly to reprocessing of fast breeder elements, important further contributions are to be expected in the construction of the Wackersdorf plant as well.

A successful industrial realization of many years of development work is the initial operation of the Pamela Vitrification Plant at Eurochemie's shut-down reprocessing plant in Mol, Belgium, where the vitrification of highly active waste is now carried out on an industrial scale. This plant is the second-largest vitrification plant in the world, and from its initial operation in August 1985 to the end of November 1985 it had already vitrified 20 cubic meters of the entire 60 cubic meters of Eurochemie's highly active waste.

And, finally, an important step was taken in the nozzle process in the direction of commercial uranium enrichment with the completion of the first part of an enrichment plant in Brazil.

As set forth by Professor Boehm in his review and outlook, in the next few years materials and solid state research will at any rate increase where it is not tied in with large projects, whereas in these as well they will strive for emphasis on specific topics. Research in this field tied to non-nuclear projects will increase to 10 percent of the 1989 R&D volume.

Particularly great emphasis is devoted to the "Technology-Man-Environment" topic, where work is concentrated in selected fields on research in the effects of the use of technology on man and his natural environment. Methods and technologies are being developed and tested to cope with environmental problems. At present there are five work topics in the program: biology, municipal waste disposal, water technology, air conditioning research and air purification, as well as systems analysis.

An amount of DM 17 million is estimated for investment in this field for the period 1986-1989, with an amount of DM 147.6 million (again including depreciation) for operating expenses.

Not last, a high status is occupied by work topics in physics, such as neutron and particle physics and the physics of highly compressed matter. In the work topic of highly compressed matter, processes are being developed for reaching extreme densities and temperatures in substances to be used for engineering and physical investigations. Microtechnology, microfabrication and manipulation technology will increasingly move to the fore. Competition with microelectronics is in no way intended, but instead we are dealing with the investigation of microfabrication methods as well as fields of use outside microelectronics, for example, micromechanics, optics, process engineering, etc.

Solution of Environmental Problems through Technology

In microfabrication the Liga process is to be further developed. This is based on a combination of x-ray depth lithography with synchrotron radiation, microelectroforming, and plastic deformation casting. It was developed among others for the production of microstructures of high aspect ratio and structure height for the mass production of nozzle diffusion systems with particularly small characteristic dimensions.

All in all, the KfK is facing a busy future, and all of those employed there--at present the KfK has almost 3,200 employees and, including its own expenses, a total budget of DM 708 million--are of the view that it will be modern technology first of all which will build for man an environment worth living in. Enmity toward technology and technical science would lead in just the opposite direction. The technical potential of large Federal German research installations, which include the KfK, is suited by means of appropriate basic research to steer technical science into a future friendly to man.

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West Europe Report

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COMMUNIST PARTY CHIEF INVOLVED IN USSR RIGHTS CASE

Appeal from Soviet Journalist

Copenhagen BERLINGSKE TIDENDE in Danish 15 Feb 86 p 2

[Article by Jorn Mikkelsen: "Danish CP Leader Attacks Moscow Journalist"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Danish Communist Party chairman Jorgen Jensen accused Soviet chess journalist Vladimir Pimonov, who recently appealed to him through BERLINGSKE TIDENDE, of playing a political game in his efforts to get an exit permit.

"I cannot see that Pimonov has any interest in coming to Denmark. It looks as if he is playing a purely political game."

That was Danish CP chairman Jorgen Jensen's comment on the open letter which Soviet chess journalist Vladimir Pimonov recently sent to him via the pages of BERLINGSKE TIDENDE. For 2 years Pimonov has sought permission to come to Denmark in order to be reunited with his wife, Lise Petersen, and the couple's daughter, but so far he has been unsuccessful.

In his letter Pimonov flatly rejected Jensen's claim that he had been engaged in classified work before he became a chess reporter. Pimonov has an education in philology and is an expert on Shakespeare. In 1982 he started working for the chess magazine known as 64.

However Jorgen Jensen hinted to BERLINGSKE TIDENDE that Pimonov was concealing something about his past and that that is the reason why he is unable to get an exit permit.

"What did he do before 1982? I have been told that Pimonov performed classified work and as long as he is unwilling to tell me what he did before he became a chess reporter, I can't do any more about the matter. I became involved in the case because I thought it could be resolved, but now I have found out that I was not given all the facts about Pimonov," said Jorgen Jensen, who was unable to be more specific about the nature of Pimonov's alleged work or who had told him about it.

Pimonov's Danish wife, Lise Petersen, said: "I have no idea what Jorgen Jensen is talking about. My husband has only worked with philology and chess."

In his open letter Pimonov also asked Jensen what he thought of divided families. "I sympathize with all families that must live apart because of the situation that exists in the world. Communists are greatly affected by this. The Pimonov case is far from unique," said the Danish CP leader.

Jorgen Jensen flatly refused to answer Pimonov's other question about why it would be such a threat to Soviet security to allow Pimonov to visit his wife and daughter in Denmark.

The Danish CP chief has claimed on several occasions to have brought the matter up "on the party level" in Moscow, but he would not provide any information about the names of the people he had spoken to. He would not make any promise to take the matter up again in connection with his participation in the 27th Soviet party congress at the Kremlin 2 weeks from now.

Issue Raised in Moscow

Copenhagen BERLINGSKE TIDENDE in Danish 18 Feb 86 p 6

[Article by Jorn Mikkelsen: "Danish CP Leader Under Pressure in Family Tragedy"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Pressure is mounting on Danish Communist Party chairman Jorgen Jensen with regard to the case of the 31-year-old Soviet chess journalist, Vladimir Pimonov, who has been unable to leave the Soviet Union in order to be reunited with his Danish wife.

The chairman of the Danish Communist Party, Jorgen Jensen, is now under real pressure in connection with the case of the 31-year-old Soviet chess journalist, Vladimir Pimonov, who has been trying unsuccessfully for 2 years now to come to Denmark in order to be reunited with his wife and little daughter.

Today the Danish CP leader received an intense and urgent appeal from Pimonov's Danish father-in-law, Niels Tygesen Petersen of Rinkenaes. The letter expressed anger at Jorgen Jensen's statement that Pimonov had no real reason for wanting to come to Denmark but was simply playing a political game in his attempt to draw attention to his situation.

"What kind of proof does a family have to give before the Danish Communist Party will believe that a family wants to live together? What kind of political game do they imagine a man with kidney disease is playing when he tries to get permission to travel to Denmark in order to see his family?" wrote Niels Tygesen Petersen--the father of Lise Petersen, who married Pimonov in Moscow in 1983 and had the couple's daughter 6 months ago.

Jorgen Jensen has said repeatedly, most recently in connection with the open letter Vladimir Pimonov sent to him from Moscow a week ago, that Pimonov is hiding something about his past and he hinted that Pimonov had been engaged in classified work. However Jensen was unwilling to reveal the source of his information concerning Pimonov's alleged job.

In his letter to Jensen, Pimonov rejected the charge in the strongest terms.

Lise Petersen said: "My husband has only worked with English philology and chess. I have no idea what Jorgen Jensen is referring to."

Niels Tygesen Petersen wrote further to the Danish CP leader "You claim that Pimonov is hiding something about his past and that you did not receive all the facts. Where did you get your information from, Mr Jorgen Jensen? We in the Petersen family prefer to believe what our son-in-law tells us rather than your unsubstantiated claims."

Tygesen Petersen referred to the Helsinki agreements under which a family is free to choose which of a married couple's native countries it wishes to settle down in.

Jorgen Jensen stuck to his statement and added: "I would like to help out for humanitarian reasons, but I will not be used by Pimonov or the non-socialist press in Denmark to launch an attack on the laws and administration of the Soviet Union."

According to his own account, Jorgen Jensen has brought the matter up in Moscow "at the party level," but he would not give the name of the people he had spoken to. He informed us that he would not say anything more about the matter.

6578
CSO: 3613/73

POLITICAL DENMARK

SCHLUTER COALITION MAINTAINS STRONG POPULARITY WITH VOTERS

Copenhagen BERLINGSKE TIDENDE in Danish 20 Feb 86 pp 1, 6

[Article by Helle Ravn Larsen and Asger Schultz; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The government's popularity is on the rise again after a slight drop during the tax negotiations last year. The four-party coalition government is still the most popular Danish government since World War II.

There is no doubt in the minds of the voters. The four-leaf-clover government is the most popular since World War II and 73 percent of the voters feel the coalition has done "well" or "fairly well."

This is apparent from a study the Gallup Institute conducted for BERLINGSKE TIDENDE. About 1,000 people were asked if they thought the present government has done well, fairly well or poorly during its lifetime.

It appears from the study that the government's reputation has stabilized at a level indicating that around three-fourths of those questioned are satisfied with it, with 37 percent saying that the government has done a good job, 36 percent saying it has done a fairly good job and only 20 percent answering that the government has not done a good job. Some 7 percent had no opinion.

The Gallup Institute takes the government's temperature about every 6 months. The fluctuations have not been large except for a period last year during the tax negotiations when the temperature dipped slightly, but there is no doubt about it--the four-leaf-clover government has broken all previous records for government popularity and has emerged as the undisputed champion in this regard.

Latest Poll Shows Government Still Strong

The "temperature" of the nonsocialist government is still higher than that of any previous government.

In September 1983 the Gallup Institute measured the "temperature" of the nonsocialist coalition government and noted that it was the most popular regime since World War II. After that the government's popularity declined somewhat and last year's tax negotiations caused the temperature to drop even more, but now the government's reputation is on the rise again.

At intervals of half a year--except when special events indicate the need for an extra poll--the Gallup Institute surveys voters to determine what they think of the government in office at the time.

In these surveys polltakers ask a representative selection of voters, numbering approximately 1,000 people, the following question:

"Do you think the present government has done a good job, a fairly good job or a poor job during the period it has been in office?"

The first survey is usually made about 3 months after the new government takes office and thus the first poll concerning the four-party coalition was conducted in early December 1982. The latest regular survey was carried out in early February and the table below shows the result of this regular poll compared to earlier polls concerning the government's performance. The answers are given in percentages.

Table 1. Government Rating

Poll Date	Good	Fairly Good	Poor	Don't Know	Total
December 1982	28	36	23	13	100
March 1983	38	39	15	8	100
September 1983	43	39	12	6	100
March 1984	34	40	21	5	100
September 1984	34	42	18	6	100
March 1985	30	42	21	7	100
August 1985	30	42	20	8	100
February 1986	37	36	20	7	100

As we can see the government's popularity seems to have stabilized at a level where around three-fourths of the voters think the government has done a "good" or "fairly good" job and only around one-fifth think the government has not done a good job.

We can also see that the government's popularity is on the rise again and is still at a higher level than that of any previous government since World War II.

To make it easier to compare these figures with polls over previous governments the following graph shows all polls back to the Liberal-Conservative-Radical Liberal coalition of 1968.

Each poll was converted to a score by giving a "good" response a value of 2, a "fairly good" response a value of 1 and a "poor" response a value of minus 2.

Thus the latest poll gave a score of +70 while the first poll in December 1982 gave a score of +46.

The average for all polls was +13 and this average is shown on the graph as the right edge of the shaded area.

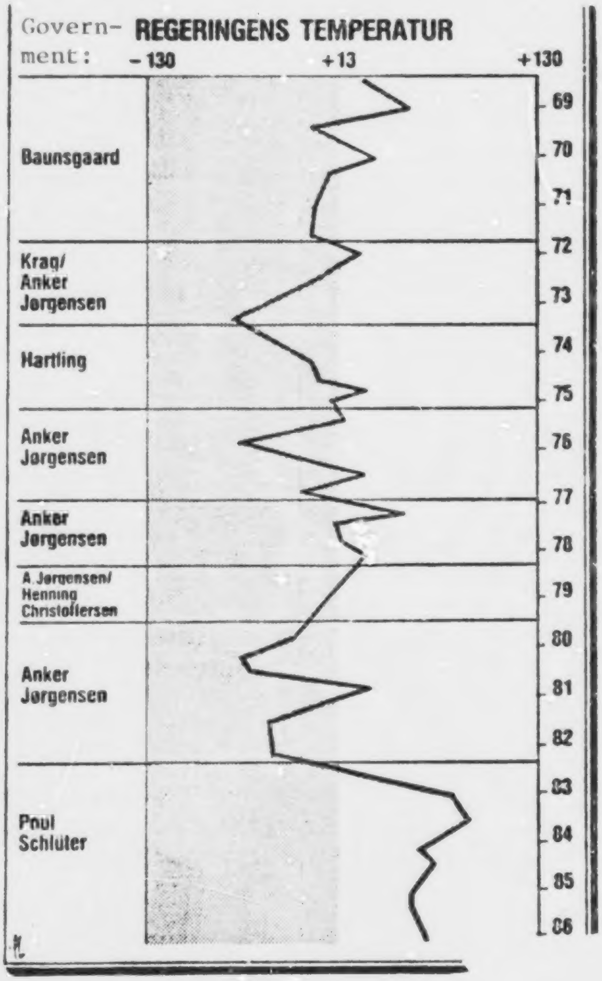

Figure 1. Government Temperature

Since it took office in 1982 the Schluter government has been extremely popular with the public.

Source: BERLINGSKE TIDENDE and the Gallup Institute.

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CSO: 3613/73

APPRENTICESHIP SHORTAGE NOT AFFECTED BY POPULATION DECLINE

Munich SUEDDEUTSCHE ZEITUNG in German 7 Jan 86 p 4

[Article by Axel Hacke: "Record Numbers Are Passé"]

[Text] Only last October, Dorothee Wilms, minister for education and science proudly announced a "new record number of apprenticeships" but at year's end she had to correct herself. The number of apprenticeship contracts, did not rise as it had in previous years; it fell. It was not 710,000 young people, as Ms Wilms had claimed, but only 697,000 who were able to start their apprenticeship last fall--or 8,500 less than in 1984. As against 760,000 high school graduates in 1984 only 756,000 went looking for a training position last year.

Corrections of this kind are not at all unusual because in October there is no way of telling exactly how many young people will really start out on an apprenticeship. But it was awkward for Ms Wilms just the same that the "record" she had just announced was not forthcoming. In years past, it had been part and parcel of the apprenticeship debate and one of the government's best arguments. But the age of records now is a thing of the past. Over the next few years in fact, both the number of apprenticeships and the number of people looking for them is likely to decline. The experts say that population trends are such that only 730,000 young people will be looking for a training position this year. But there will also be fewer such positions available. The reason for it is that young people interested in these positions often contact the firm they want to work for directly and if they don't, the position is simply not offered any more.

There are other reasons for not rejoicing over the fact that the number of applicants will continue to go down--probably below the 700,000 mark by 1988. For one thing, the numbers will probably stay relatively high for some time and for another, it has become more and more difficult to balance supply and demand. On the apprenticeship market, there will continue to be more slots than can be filled in some areas and fewer slots than are needed in others.

On the average, there are presently 95 apprenticeship positions available for every 100 applicants. But in the Freising area, for example, that figure stands at 110 and in the Hameln area at 80. This regional imbalance is not touched upon in the public debate on the subject which tends to concentrate instead on simple questions of supply and demand.This problem can only be solved through greater mobility of the young people.

The number of vocational school graduates among the applicants for apprenticeships keeps falling even as the number of high school graduates continues to rise. But as a rule, the latter are less interested in blue-collar or technical employment than in training for jobs in business or the service sector. But in those fields demand has been exceeding supply for some time already whereas apprenticeships in the metal industry for example went begging. The crafts are looking for apprentices but elsewhere there are long lines of young people waiting to get the slot they want.

These problems have been obscured to some extent by the sheer volume of numbers; but in the future these problems will dominate the discussion about the apprenticeship market.

9478
CSO: 3620/221

NUMBER OF FOREIGNERS INCREASES AFTER YEARS OF DECLINE

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 Jan 86 p 5

[Article by "Jl": "Number of Foreigners in FRG on Rise Again"]

[Text] Frankfurt, 7 Jan--The number of foreign nationals who have not merely taken up "temporary residence" in the FRG was on the rise last year. According to the latest report by the Federal Bureau of Statistics, there were some 4,366,000 foreign nationals living in the FRG on 30 September 1985, which means that the comparable figure for the preceding year was exceeded for the first time since 1982. A further increase will probably be registered on the 31 December cutoff date. In 1984, some 214,000 more foreigners left the FRG than entered the country; but during the past year the trend was reversed with 50,000 to 60,000 more foreigners entering the FRG than leaving.

The excess of births among the foreign population permanently resident in the FRG accounts for another 50,000 persons. On the other hand, the indigenous German population has been registering an excess number of deaths since the early seventies. The estimate for the past year runs to about 145,000 as against 160,000 in 1984. Excess births and rising immigration will probably have resulted in an increase of some 100,000 in the foreign national population resident in the FRG by year's end. During each of the two preceding years, the number of foreign nationals had declined by about 100,000.

There seems to be a connection between these most recent developments and the fact that the FRG government's financial assistance program for foreign nationals returning to their home country ran out sometime toward the end of 1984. This is borne out by the reversal of the previous trend. During the third quarter of 1984, for example, about 100,000 more foreigners left the FRG than took up "not merely temporary residence" here; but during the subsequent three months the number of emigrants declined sharply. Based on the most recent figures, the number of immigrants began to exceed the number of those leaving the FRG once again as of the first quarter of 1985.

This represents a continuation of the trend which was initiated by the FRG's program "to bring the families together." Based on the number of spouses, children and other family members still living in the countries of origin, the experts feel that "the numbers will continue to increase." For another thing, restrictions against immigration such as presently exist in the case of EC member Greece will be lifted in 1988. Also, Portugal and Spain, two countries with high unemployment, joined the EC earlier this year--and the same travel regulations apply to nationals of both. The agreement granting associate EC membership to Turkey, which is to go into effect at the end of this year, will add still another country to the list.

The probable rise in unemployment by the end of this decade in Turkey, Portugal and Spain alone has been estimated at some 12 million by the Nuremberg Institute for Labor Market and Occupational Research which is part of the Federal Labor Office.

In the FRG, the number of unemployed increased to 2.3 million last year. This trend is all the more disheartening because industry did more hiring than firing last year for the first time in years--the annual average stood at about 200,000. This trend, which is not well understood by all of our citizens, is attributable to the fact that the labor force has increased more rapidly than the number of available jobs. For one thing, there still was a substantial number of young people entering the job market for the first time and for another the boom economy prompted retirees and, above all, women to look for jobs. And, judging by the most recent trend, the third factor is the increase in foreign immigration. But while the availability of German employees is limited-for demographic reasons, if for no other--and will continue to decline in coming years, the labor market is likely to encounter new problems as a result of the continuing and perhaps even increasing number of immigrants from foreign countries.

In the FRG, there is above-average unemployment among foreign nationals already. According to the Federal Labor Office, average unemployment among foreigners stands at about 14 percent (i.e. the percentage of unemployed of the non-independent workforce). This rate is about twice as high as for the German labor force. In some of the big cities, foreign nationals make up 25 percent or more of the jobless. During the past few months, a total of 250,000 foreigners living in the FRG were without a job. They were either drawing unemployment pay or receiving unemployment benefits. But since these benefits run out after a certain period of time, the load has to be picked up by social welfare more and more often. Although complete official figures for last year are not yet available, it is estimated that between 250,000 and 300,000 foreign nationals were on welfare--which is almost twice the number for 1980.

9478
CSO: 3620/222

ASPEN CONFERENCE: YOUNG GERMANS LESS CRITICAL OF U.S.

Bonn DIE WELT in German 14 Jan 86 p 1

Article by H.R. Karutz: "The Change in Youth's Perception of the United States"

Text: The anti-American trend among the young German intelligentsia, which characterized the 1970's, has been overcome: "The slogan about our anti-American youth is nonsense," Professor Bernhard Ostendorf (University of Munich) said at a meeting of the German-American Aspen Institute in Berlin. Leading scholars of American studies stated at the gathering that there are still critical questions, but no longer basic "ideological prejudice."

They agreed in their reports that interest in the United States, its history and its problems, is growing: "At some universities, American studies are already a field with limited admission," Ostendorf said. In Munich alone, 540 students are majoring in this field. Professor Carl-Ludwig Holtfrerich (Free University of Berlin) reported that "there are now 1,500 students enrolled at the Kennedy Institute."

After the conference of German and foreign scholars, which lasted several days, Professor Manfred Knapp (Bundeswehr College) described the present situation at a press conference: "There is a growing desire among students to form their own perception of the United States. Even among teachers, who were predominantly anti-American after Vietnam, a change can be noted. The times of ideology are over."

Professor Winfried Fluck (University of Constance) also reports a strong tendency not to "be as simplistic as formerly" in forming an opinion about the United States. The former German ambassador in Washington, Berndt von Staden, who now teaches at Georgetown University, praised the German field of American studies: "Publications about the United States as a rule are true to life and topical. If all this is also absorbed in Germany, it can only have a constructive influence. One thing at least is certain: after a certain low point, the mood vis-a-vis the United States has again become noticeably more positive."

The scientists voiced their concern, however, about the lack of professional openings and future opportunities for young American studies experts and warned that if there is no demand for such scientists, some day the influx into this field of study would also drop: "In reality the parties, and also the media, could make good use of such professionals," Professor Ostendorf opined. Especially the media often lacked expert knowledge: "When I hear and see what myths and stereotypes still exist about the United States..."

The conferees also expressed their concern that south of the Main river "there is no U.S.history professorship on a permanent basis."

9917
CSO: 3620/223

MINISTER COMMENTS ON EC OFFER OF TECHNOLOGY AGREEMENT

Helsinki HELSINGIN SANOMAT in Finnish 14 Jan 86 p 24

[Article: "EC Offers Finland a Technology Agreement"]

[Text] Brussels (Reuter)--Commission of the European Community (EC) has proposed that EC conclude separate research cooperation agreements with Finland and Norway as part of the efforts of the 12-nation community to strengthen research cooperation on high technology in Europe.

The proposed agreements attempt to provide organized guidelines for the exchange of research information and participation in the scientific research programs of both parties. According to the representative of the EC commission, they would signify an "important step toward a European technological community."

EC already has a completely negotiated corresponding agreement with Switzerland, and the results of the negotiations with Sweden were signed on Monday. The commission also intends to approach the government of Austria with the same type of negotiation proposal in the near future.

Not Connected With Eureka

According to the head of the trade policy department of the ministry of foreign affairs, Erkki Maentakanen, a general limited agreement concerning technical collaboration by Finland and the economic community is involved.

The agreement does not specifically define the collaboration provisions; rather, they will be arranged later. Each EFTA member will conclude a bilateral agreement with EC, but all of them will be roughly the same in content.

According to Maentakanen, the agreement is not connected with the Eureka venture, but is a separate agreement arrangement between the EFTA countries and the economic community.

"Naturally there are in the background research projects defined within the economic community on the basis of which it has been previously demonstrated that the enterprises and organizations of the EFTA countries should have the opportunity to join in the EC research projects. The agreement facilitates development in this direction," said Maentakanen on Monday.

13129/12790
CSO: 3617/61

SKDL BODY REACTS FAVORABLY TO FINANCIAL SCRUTINY BILL

Helsinki HELSINGIN SANOMAT in Finnish 23 Jan 86 p 7

[Article: "More Publicity for Party Financing"]

[Text] As a matter of principle the Finnish People's Democratic League (SKDL) executive committee takes an affirmative attitude to any measures by which it is possible to eliminate the shortcomings of party financing. SKDL is ready to increase publicity on party financing and also to extend it beyond the central organization.

In a statement issued on the basis of a bill prepared in the Ministry of Justice, SKDL has, however, asserted that the main problem associated with the present election system is not specifically touched on in the bill.

In the opinion of SKDL, the principal problems of party financing are associated with the central position of the candidates in the present election system, as a result of which funds are channeled to the individual candidates or their unregistered support groups. Besides being uncontrolled by official supervision, this activity is also beyond the reach of surveillance by the party organization.

Furthermore, the present election system increases the inequality of the citizens inasmuch as the well-to-do have considerably better chances of setting themselves up as candidates than the low-and medium-income citizens, SKDL notes in its statement.

In the meeting the executive committee named a delegation that will visit the People's Republic of China. The visit of the delegation will take place by the invitation of China on 5-20 March of this year. The delegation will be led by SKDL General Secretary Reijo Kakela (Communist).

13129/12790
CSO: 3617/61

CP CHAIRMAN PROPOSES PARTY PROGRAM CHANGE FOR CONGRESS

Aalto Defends Card Exchange

Helsinki HELSINGIN SANOMAT in Finnish 17 Jan 86 p 13

[Text] Lapua (STT)--In his speech given in Lapua on Thursday Finnish Communist Party (SKP) chairman Arvo Aalto pointed out that refusal to exchange SKP membership cards would result in members' being excluded from the party.

"After the exchange of membership cards, members will be those who have valid new membership cards. Those who do not accept the new membership cards will be excluded from the party. There is no intermediate option," Aalto said.

Membership cards will be exchanged during the first half of this year. According to Aalto, the appeal made by "the divisive committee headed by Taisto Sinisalo and Jouko Kajanoja" to refrain from accepting the exchange of membership cards is aimed at all Communists.

According to Aalto, Sinisalo and Kajanoja are actually forcing Communists to exclude themselves from the party, knowing full well that the party could be dissolved in just that way. Aalto noted that Sinisalo and Kajanoja are behaving in this outrageous manner in the name of unity.

Stalinists Debate Formal Separating

Helsinki HELSINGIN SANOMAT in Finnish 19 Jan 86 p 34

[Article by Kyosti Karvonen: "Stalinist Feud Between Brothers"; first paragraph is HELSINGIN SANOMAT introduction]

[Text] The main body of Stalinists is trying to block the Uusimaa supporters of Markus Kainulainen who, under Kainulainen's leadership, are demanding a new party.

A joint workplace delegation composed of different kinds of Communists was on the train traveling from Moscow to Helsinki in December. It was returning from a trip made at the invitation of the CPSU.

One of the travelers, who were in a festive mood, an Uusimaa Stalinist district delegate, summed up his impressions of the Finnish Communist leaders. First, he called current SKP chairman Arvo Aalto a fascist, then former SKP chairman Jouko Kajanoja and, on top of that, former SKP vice chairman Taisto Sinisalo.

The only true Communists leader left was Markus Kainulainen, the district secretary of the Uusimaa district organization.

The violent outburst tellingly expressed the Stalinists' long-concealed internal feuding. In the SKP the ruling moderate majority is quick to regard the feuding as the sign of a split. The Stalinists readily portray Kainulainen, who has no significant support, as an isolated problem.

These past few months the Stalinist brother feud has been increasing at a fast and furious pace, even though the choice of words is a kind of communist jargon that is more restrained than charges of fascism.

With about 2,500 members, the Uusimaa district organization is the strongest of the eight Stalinist districts the moderates expelled in the fall. There are a total of about 10,000 members in the Stalinist districts. Additional Stalinist members are to be found in the moderate districts.

New or Old Party?

The differences between the main body, controlled by Sinisalo, and Kainulainen's extremist fringe come to a head on the issue of whether a new party is needed in Finland or whether there are the makings for a better one in the old party.

In the opinion of Kainulainen and his reduced staff, a new party should have been founded long ago and the time for it is now at the latest.

The Stalinist mainstream and the so-called Kajanoja unity forces are, on the other hand, trying to hang on with tooth and nail in the present SKP and they believe that they are capable of getting rid of the moderate SKP Leaders.

They were closest to founding a new party when the party dispute came to a head in 1969, at which time the Stalinists, who had marched out of the party congress, established a national committee as an embryo for a party.

With the official aid of the Communist Party of the Soviet Union (CPSU), the Stalinists returned to the party organs in 1970 and dissolved the committee to the annoyance of Kainulainen. In place of the committee the Stalinists adopted the newspaper TIEDONANTAJA as a national weapon to continue the fight for control of the SKP. Before then TIEDONANTAJA had been the Uusimaa district organ. Kainulainen is still chairman of the TIEDONANTAJA Association.

The will of the CPSU confirms the main body of Stalinists' belief in an improvement of the old party. The more distant relations between the CPSU's Scandinavian Department and Tehtaankatu [Soviet Embassy in Helsinki] are, the stronger the desire for a new party in the Stalinist camp.

The CPSU is urging the Stalinists to reject the actions of the disruptionists, "whether they be on the Right or on the Left." So, in the eyes of the CPSU Aalto and Kainulainen are to be equallyt condemned for deviating from the proper party line.

The will of the CPSU is not, however, the word of God to Kainuiainen's people. In early December Igor Klochkov, who represented the CPSU at the Uusimaa special district meeting in Tikkurila, had occasion to experience this.

Kainulainen's mouthpiece, the UUDENMAAN TYOKANSA, deleted that part of Klochkov's speech that dealt with the situation in the SKP. The censor deleted it because the CPSU view conveyed by Klochkov deviated from Kainulainen's.

Charge4s of censorship later flew in both directions in the Stalinist camp. Kainulainen was accused of censuring speeches by his district's "dissidents" and vice versa. TIEDONANTAJA, for example, published only one passage from Kainulainen's vehement speech at the Lahti meeting last fall, in which Kainulainen gave the reasons for "the district committee's decisions."

Ring of Isolation Tightened

These past few months the Stalinist mainstream has had trouble getting a muzzle on some of its own Stalinists because the means for getting rid of the all-powerful district secretary of an all-powerful district organization are inadequate in the Stalinist organization.

The ring of isolation about Kainulainen has indeed been tightened. He was not chosen to serve on the 65-member "SKP organization committee" on which Sinisalo-Kajanoja axis supporters otherwise have a nearly 100-percent majority.

The Uusimaa district committee got to elect four representatives on the committee, but in the end there are several other members from Uusimaa on the committee whom the district committee was unable to choose.

There are eight "TIEDONANTAJA supporters" on the committee's executive committee, whereas there are five "Kajanoja supporters" on it. Not a single "Kainulainen supporter" qualified for it.

The fact that district chairman Aaron Nieminen and vice chairman Veikko Alho differ on policy is also indicative of the isolation of Kainulainen.

Kainulainen's people did not get the toughest of their motions accepted at the district meeting. Furthermore, a spearate resolution not to demand that a new party be founded was passed at the meeting. Just the same, a clearly worded demand that one be founded is to be found in the resolutions published in the Kainulainen mouthpiece, UUDENMAAN TYOKANSA.

The difficulty in overturning the Uusimaa district is largely explained by the stooge organizations controlled by Kainulainen's staff.

The staff's ideological "braintrust" is the Effort Against War and Fascism, Ltd., which Kainulainen took over during the early days of the party dispute.

The temperance union, the Sotunkyla Banner, of whose board of directors, according to the association's records, at least Kainulainen and manager Erkki Matinlassi are members, controls perhaps the Uusimaa district's most important source of money.

The temperance union gets its money from the Helsinki Pavilion Amusement Center which operates in Vantaa. The district earlier transferred the pavilion's lease rights to the union which, in accordance with its wishes, turns over receipts for the use of the district. Among Communists the strong suspicion is smouldering that something has been omitted from the official bookkeeping.

A New "What Is to Be Done"

Kainulainen's staff has printed its views of "the history, current state of affairs and tasks of the communist movement in Finland" in a pamphlet, "What Is to Be Done." V.I. Lenin himself wrote the first "What Is to Be Done."

Kainulainen's "What Is to Be Done" is clearly worded: "We can draw only one conclusion from the party's situation: We need a new party. There are no other alternatives but to found a new Marxist-Leninist party."

In the opinion of the pamphlet's authors, "voters do not seriously consider accepting a faction that is not 'even a party' as an alternative."

"What Is to Be Done" does not approve of fraternization with Kajanoja's unity forces, which it regards as a suspect intelligentsia. According to the pamphlet, the main body of Stalinists is contemplating persons who have in practice proven themselves to be "incapable" for the new party leadership, that is, perhaps Kajanoja and his member of Parliament wife, Pirkko Turpeinen.

In the pamphlet they fear that "the new kind of unity" would eliminate one or two of the biggest industrial centers from the Stalinists' plans. They are Uusimaa and Turku.

Before, they said that the Turku district would go along with Uusimaa within the Stalinist majority, but now they say that the situation has changed. First, long-term district secretary of Turku Toivo Forss has gone into retirement. Former chief editor of TIEDONANTAJA Urho Jokinen, who used to be regarded as a kindred spirit of Kainulainen, has replaced him in the top district post.

The Stalinist main body fears that Kainulainen's bustling activities will needlessly deliver big propaganda weapons into the hands of the moderates and gnaw away at the credibility of the "unity strategy." This is why TIEDONANTAJA ruled out the pamphlet's views in such harsh terms.

Instead of a new party the main body is planning a "democratic front" which, as a registered faction, would get onto Yleisradio [Finnish Broadcasting Corporation] election programs and would obtain a party subsidy for its candidates, who might get into Parliament.

The main body is trying to get as many "martyr candidates" as possible into the elections. Esko-Juhani Tennila, who won a landslide victory in the last elections, has been the model example for this.

Kainulainen's people are threatening to enter the elections as their own party. If this threat is carried out, it will badly bleed the Stalinists in a strong support district.

Kainulainen refused to declare his intentions in the interview, instead kindly sending us a subscription application for UUDENMAAN TYOKANSA.

Politburo Attacks Stalinists

Helsinki HELSINGIN SANOMAT in Finnish 23 Jan 86 p 8

[Text] The SKP Politburo has accused the "SKP organization committee," established by the Stalinist minority, of openly setting itself up as an antiparty faction.

The Politburo gave as the reason for its charge of factionalism the fact that the Stalinist committee has urged SKP members to refuse to comply with the exchange of membership cards to be effected during the first half of this year. In communist parlance factionalism is one of the worst sins. Those who are accused of factionalism generally find themselves very suddenly outside of the party.

At the end of the year the moderate leadership gave Stalinist leaders a good month's time to withdraw from the committee. The time limit expired last week.

The leadership also urged the party cells to expel committee members if they do not agree to withdraw from it.

Not all the party cells have, at least as yet, replied to the letter containing the recommendation to expel them sent them by the moderate leaders.

According to moderate reports, so far decisions have been made in the party cells to expel 12 committee members. About 30 cells have refused to expel Stalinist leaders with their members and some of the cells have not yet dealt with the matter.

Those cells that have refused to expel them have been threatened with expulsion from the party at the Central Committee meeting to be held in February.

According to Stalinist estimates, so far decisions in the cells have been made to expel less than 10 members. There are 65 members on the committee.

Stalinist leader Taisto Sinisalo's assistant, Yrjo Hakanen, and Seppo Timonen, who belongs to the so-called unity forces, are from the best-known cells and have through them been expelled from the party.

Even before then, the moderate Vaasa district had expelled a party cell to which member of Parliament and committee member Sten Soderstrom belonged. Furthermore, the members of the Kainuu "unity committee" were expelled.

The squabbling factions of the Finnish Communists have not yet received invitations to the 27th CPSU Congress, which begins on 25 February.

According to one report, the communist parties of other countries have already received their invitations; however, the CPSU has supposedly not yet made a decision as to which Finnish Communist leaders will receive invitations.

Draft Allows Multiparty State

Helsinki HELSINGIN SANOMAT in Finnish 24 Jan 86 p 10

[Commentary by Kyosti Karvonen: "SKP Hones Its Doctrines for a New Credo: "Socialist Finland of Program Draft Would Allow Opposition Parties"]

[Text] To be led solely by moderates, the SKP in its new program draft has honed its old doctrines and at the same time increased the distance between it and the so-called key tenets of practical socialism.

Scheduled to go to members for discussion, the draft was published on Thursday.

The draft lays emphasis on cooperation with affiliated Western parties and on the party's right to advance along its own paths to socialism. The socialist Finland the SKP is aiming at would, for example, allow opposition party activities.

The draft urges that different kinds of opinions be permitted in the SKP and that they get away from their long troublesome authoritarian leadership. The party would not, however, be permitted to slip into a new power struggle.

Traditional Mentors

The draft lists Karl Marx, Friedrich Engels and V.I. Lenin as the party's traditional mentors. Their teachings "make it possible for us to resolve current as well as future problems," but these doctrines inseparably include "the unbiased, critical and self-critical examination of our own experiences and those of others."

The draft defines the SKP as "a revolutionary, Marxist worker party." In the 1969 program the SKP was still "a working class party whose activities are based on the scientific socialism developed by Marx, Engels and Lenin."

According to the 1969 program, the experiences of the socialist countries "will help us to find the correct solutions to problems in paving the way for socialism."

According to the new proposed program, relations with the parties of the socialist countries will afford the SKP an opportunity to become familiar with "the achievements and problems involved in the development of socialism."

The draft sees this future Finland as a self-governing society in the style of Yugoslavia whose brand of socialism, according to chairman Arvo Aalto, will have "Finnish and democratic features."

Relations with the CPSU

The draft emphasizes the SKP's to a great extent problematic relations with the CPSU, a fact to be noted in comparison with the 1969 program. These are based on "the scientific world view of the working class, the internationalism of the working class and proletarian internationalism," the draft specifies.

In communist jargon signifying the CPSU's leading role, "proletarian internationalism" was added to the draft at the last moment at Aalto's request. The draft, however, limits it to involving only relations with the CPSU.

The 1969 program did not mention proletarian internationalism, instead emphasizing "international communist unity."

The legacy of the congress of communist parties held in Berlin in 1976 is a reference to principles of cooperation among the parties which are: equality of status, nonintervention in the internal affairs of other parties and respect for each party's right to choose different paths to socialism.

The draft lays new emphasis on the affiliated parties of West Europe, which are for the SKP "natural and close partners in cooperation" and with whom there is reason to concentrate on exchanges of ideas and cooperation.

Who Will Lead the Alliance?

The draft expresses the desire for a democratic alliance as a transformer of the society, one which will strive to achieve a "leading position in the shaping of opinion and serve as the basis for the society's cultural atmosphere."

During the period of transition to socialism the core of this alliance will be the working class, which would, however, be part of a broad cooperative effort. The SKP is no longer pushing itself as the leading force of the alliance. In the 1969 program they still maintained that "the leading force in this cooperative effort can only be the party that practically demonstrates that it can best advance the cause of socialism." This formulation meant the SKP.

The draft makes changes in the old doctrines, promising that there would also be room for opposition parties in a socialist Finland. Alongside other rights, the draft promises the right to strike and the right "to engage in political activities to find alternative social solutions."

The 1969 program guaranteed the right to operate and the freedom to criticize only "to all parties that enjoy the support of the workers and to those various minorities that observe the constitution of the socialist state and the prevailing judicial system."

Energy, Banks and Communications

The draft proposes nationalization of large firms of the key branches of industry, the energy economy, the national communications system and the banks. Worker cooperatives and enterprises owned by regional self-government agencies would represent public property. Family-owned and small businesses would be private property.

On the occasion of the public announcement, chairman Aalto denied doubts that the draft is vague with regard to ideological principles. He stressed the fact that the decision to revise the program came into being even before the clarification of relations with the Stalinist minority began.

Aalto thought that the drafting of the program might have been "more entangled" if they had not gone into the clarification of relations. They intend to approve the program draft at the 21st party congress, to be held in 1987. The current program was approved by a majority vote at the 15th party congress.

Not all of those chosen to serve on the program committee by the Stalinists and the "unity forces" participated in its formulation. Most of the committee members are strict moderates.

Paper on Proposed Change

Helsinki HELSINGIN SANOMAT in Finnish 24 Jan 86 p 2

[Editorial: "SKP Cloaks Itself in a Red National Costume"]

[Text] The SKP did not get its first program before 1957, 40 years after its founding. The program was revised at the end of the following decade. Now, led by Arvo Aalto, the SKP has announced that a new draft will be the party program, which they intend to approve at the 1987 party congress.

In breaking with the Stalinists, chairman Aalto emphasized that the SKP will strive for a kind of socialism that has "Finnish features." The present party program is "more Finnish" or "more Eurocommunist" in appearance than is generally imagined.

In it, to be sure, they assure us that SKP activities will be based on the genuine socialism developed by Marx, Engels and Lenin, but the party declares itself to be a purely Marxist instead of a Marxist-Leninist worker party. They say that the experiences of the Soviet Union and the other socialist countries "will held us to find the correct solutions to problems in paving the way for socialism," but they also stress the decisiveness of our own special national features and the distinctive nature of Finland's path [to socialism].

The new party program is considerably more world-oriented in outlook than the program has been up to now. In spite of this, it exhibits less special attention to the Soviet Union and the CPSU than before.

They maintain that the SKP's closest internation partners in cooperation are "the communist parties of different countries," among them the CPSU. With regard to relations with the affiliated parties of the socialist countries, they say that the latter "will afford the SKP an opportunity to become thoroughly familiar with the achievements and problems involved in establishing socialism." In ordinary language: The experiences of practical socialism will serve as both lessons and warnings.

They refer to those West European communist parties operating under the same kinds of social conditions as the SKP's natural and close partners in cooperation. Concentrating on joint activities with them is considered to be important. In the party program they recognize such historically key concepts as proletarian internationalism and the international solidarity of the working class without specifying their content. To say nothing of the world communist movement: They say nothing of the CPSU's leading position in it.

There is no longer a section in the new program on "Finland's path to socialism." It is replaced by a vague outline of "the opportunity for democratic change" through a common "alliance" of the working class, the various political and trade union organizations and people's movements. According to the program, this alliance whould also strive to effect reforms outside of respresentative democracy and state influence and try to occupy a leading position in the climate of Finnish public opinion.

But what about the ways to achieve change and concrete objectives? They hope that they will merely be found somehow through increasing experience. In the new program the SKP does not push itself as the logical leader in the development of this change either. It cloaks communist ideas and ideals in the mantle of "struggling humanism," which obviously better corresponds to the conditions existing in a prosperous nation, instead of that of Marxist-Leninism and scientific socialism.

The new program draft offers more than enough stimulus for polemics to those Communists who adopt Soviet-style socialism as their model. In this sense the SKP is moving in a more heretical direction than before. It cannot, however, be claimed that the program is an open challenge. It does not criticize practical socialistm, nor does it try to make new theoretical generalizations; instead, it tries to stick to Finnish reality and the utopias that spring from it.

11,466
CSO: 3617/64

POLL INDICATES SKDL WOULD LOSE NINE SEATS IF ELECTION HELD

Helsinki UUSI SUOMI in Finnish 21 Jan 86 p 10

[Article: "UUSI SUOMI Transformed Polls into Parliamentary Seats, Conservative and Center Parties Rising, SMP and SKDL Declining"]

[Text] The Conservative and Center parties would receive the most seats in parliament according to the most recent polls. The Conservative Party would receive 52 parliamentary seats, which would be an increase of eight seats over the 1983 parliamentary elections. The number of seats for the Center Party would increase by six.

The most seats would be lost by the SKDL [Finnish People's Democratic League], which has been in a steady decline in the past few years. It would receive only 18 seats in parliament. The drop from the last elections would be a full nine seats. The other big loser would be the Finnish Rural Party, which would lose seven seats.

UUSI SUOMI transformed the results of polls conducted this month by Finnish Gallup, the M-Data Center, and Taloustutkimus [Economic Research] into parliamentary seats. The average values of the results of the three polls were compared with the results of the last elections.

Parliamentary seats were calculated by election districts. The present election alliance prospects were taken into consideration in the calculations.

Left Wing Retained Quantitative Minority

The number of seats held by the left wing decreased from the present 84 to 76. This would mean that the left wing would have the least number of MP's it has ever had since the war. In spite of the increase in seats for the Conservative and Center parties, the left wing would retain a one-third quantitative minority in parliament.

The Greens would receive five MP's instead of the present two in parliament. The faction's support is heavily concentrated in Southern Finland. The Greens would obtain two MP's each from the Helsinki and Uusimaa elections districts and one from the southern election district of Turku.

The Constitutionalists would lose their only MP, or Georg C. Ehrnrooth would lose his seat in parliament. The Christians would lose three seats. On the other hand, the Swedish People's Party would gain one additional seat.

	Polls (%)	Change (EK83)	Polls (seats)	Change (EK83)
SDP	25.9	- 0.8	58	+ 1
SKDL	11.6	- 1.9	18	- 9
Socialist Total	37.5	- 2.7	76	- 8
KOK	22.8	+ 0.7	52	+ 8
KESK/LKP	18.9	+ 1.3	45	+ 6
SMP	6.6	- 3.3	10	- 7
RKP	5.1	+ 0.5	11	+ 1
VIHR	5.0	+ 2.7	5	+ 3
SKL	3.0	-+ 0	1	- 2
POP	0.5	+ 0.1	--	- 1
Non-socialist Total	42.5	+ 2.7	124	+ 8

Poll percentages transformed into parliamentary seats indicate that the Communists would lose the most, 9 seats, and the Conservative Party would gain the the most, 8 seats.

Key:

EK83 = 1983 Parliamentary Elections
SDP = Social Democratic Party
SKDL = Finnish People's Democratic League
KOK = Conservative Party
KESK/LKP = Center Party/Liberal People's Party
SMP = Finnish Rural Party
RKP = Swedish People's Party
VIHR = Greens
SKL = Finnish Christian League
POP = Constitutionalist Right Wing Party

Suonio's Votes To Be Divided

The SDP would lose one seat from its present six in the Helsinki Election District according to the calculations. The situation of the incumbent MP's is alleviated by the fact that Kaarina Suonio, who received the most votes in the 1983 elections, is becoming the assistant city manager of Tampere and will not be running as a candidate.

The Conservative Party and the Greens will each receive one additional seat in Helsinki.

Virolainen To Be Elected

Johannes Virolainen (Center Party member), who lost his seat in the last elections, will be reelected to parliament from the Uusimaa Election District. Virolainen's position is improved by the fact that the Center Party will receive one additional seat from Uusimaa according to the calculations.

The Christian League would lose its only seat in Uusimaa, which is held by Impi Muroma. She does not intend to run again. The Conservative Party and the Greens will each receive one additional seat from Uusimaa. The SMP, on the other hand, will lose one of its seats.

The losers in the southern election district of Turku are the SKDL and the SMP, which both will lose one seat. This will mean that Martti Rattu (Rural Party member) will lose his seat in parliament.

The Conservative Party and the Center Party will gain an additional seat in the northern election district of Turku according to the calculations. The losers will be the SKDL and the Rural Party.

Hokkanen To Be Reelected

According to the polls, the Conservative Party would receive one additional seat in the northern election district of Hame. This would mean that Matti Hokkanen will be reelected to parliament. Hokkanen's reelection will be further helped by the fact that Tuulikki Petajaniemi will not run again. It appears that the SKDL will lose one of its three seats.

The SKDL would also lose a seat in the southern election district of Hame. The SDP would gain one. The situation would be the same in Central Finland or the SKDL would lose one seat and the SDP would gain one additional seat.

Ronkainen and Skon in Difficult Spot

The SMP and the Christian League would lose their only seats in the election district of Mikkeli. This would mean that Pentti Skon (Rural Party member) and Olavi Ronkainen (Christian League member) would lose their seats in parliament. The Conservative Party and the Center Party would gain an additional seat.

The SMP would lose its only seat, which has been held by Reino Jyrkila, in the Northern Karelia Election District. Instead, the Center Party would gain one additional seat. This would apparently mean that Markku Kauppinen, who was previously in parliament, would be reelected.

Former MP's in Strong Position in Kuopio

The situation is quite interesting in the Kuopio Election District. According to the calculations, the Conservative Party would receive one additional seat or two MP's. Incumbent MP Erkki Moisander is resigning and in competition for his seat are former Parliamentary Chairman Juuso Haikio and Juhani Laitinen, who lost his seat in the last elections.

The Center Party's Toivo Ylajarvi does not intend to run again. However, it is expected that the Center Party will gain one additional seat. The incumbent MP's will be reelected along with Party Secretary Seppo Kaariainen.

The SMP would lose one seat. Heikki Riihijarvi and Petter Savola, who defected from the Center Party, will be competing for the large number of votes left behind by Veikko Vennamo.

The Conservative and Center parties will gain one additional seat each in the election district of Oulu. The SMP and the SKDL will each lose one seat. In Lapland the SKDL would lose one seat. The Center Party would gain one additional seat.

10576
CSO: 3617/70

COALITION SURVIVABILITY QUESTIONED, NEW THREATS FORESEEN

Oslo ARBEIDERBLADET in Norwegian 8 Jan 86 p 7

[Article by Tone Bratelli: "Plenty of Mine Fields"]

> [Text] Will the fellowship of three coalition government parties hold up in the spring season which now starts in the Storting, or does Prime Minister Kare Willoch have to open his eyes to the formation of cracks? There will be many mine fields throughout the spring. The budget agreement with the Progress Party indicated a short-lived peace. The situation in the Storting can easily become an exploding pressure cooker.

Today, the Storting members come back to Oslo to start a new session. They will meet a nut that has not been cracked yet--Carl I. Hagen. The center parties will continue to refuse to go out to their voters and tell them that the Progress Party is part of the government's parliamentary base, even though this is supposedly so. Instead, the Center Party and the Christian People's Party try to get the Labor Party to establish some "crisis help" for the government to neutralize Hagen. A role they opposition does not want to assume.

Short-lived Joy

The relief over the budget agreement can prove to be a short-lived joy. The parliamentary leaders (Johan Buttedahl of Center Party and Harald Synnes of Christian People's Party) tell AFTENPOSTEN that they will fight for the government. They also came to VG with "hints regarding a closer cooperation with the Labor Party." This has AFTENPOSTEN and VG fighting each other, in itself an example of a tense parliamentary situation. Every word must be weighed carefully. A word at the wrong time can create trouble.

The center parties' problem are also signs of unrest from the grassroot level, signals which can increase in strength if several important concessions will be made to Hagen. Both in the Christian People's Party and Center Party there are groups which see clear disadvantages in a protracted relationship with the Conservatives, particulary if the Progress Party can tip the scales.

Disintegration

Editor Andreas Hagen has already predicted the government's end. The Center Party man stated that the coalition government under Prime Minister Kare Willoch's leadership will crumble in the course of one year. The shipwreck will most likely occur when the budget for 1987 will be prepared, he feels. The Center Party's main mouthpiece NATIONEN is also worried.

Key figures in the Christian People Party's organization would also rather see a break among the government parties than accept the Progress Party as part of the government's parliamentary base.

The government's dependency on the Progress Party could become the last straw. Among the Conservatives there is also grumbling over the center parties' erratic course in this matter. A survey ARBEIDERBLADET conducted among the Conservatives' county leaders showed that they were very irritated with the lack of flexibility among the center parties. Several consider the unyielding attitude of the Christian People's Party and the Center Party towards the Progress Party to be a problem for a continued government coalition.

At the same time the key Labor Party politicians breathed life into the discussion over a cooperation with the center parties. Party leader Gro Harlem Brundtland's New Year message was that the Labor Party has a sincere desire to work together with the center parties if they break loose from the Conservatives.

Wear and Tear

Little else wears down a relationship more than internal strife and discord. Even if the government collegium will seemingly hold together well, wear and tear problems are noticeable among the Storting members, in the basic organizations and in the papers.

The government can finally break up over an issue, where important political principles are at stake. These are this spring's mine fields. Controversial issues are, for instance, sanctions against South Africa and the media report. The question is whether Jan P. Syse can find calm waters out of each issue.

12831
CSO: 3639/65

SOCIALIST-LEFT REJECTS PROPOSAL TO MERGE WITH LABOR PARTY

Oslo ARBEIDERBLADET in Norwegian 8 Jan 86 p 8

[Article by Oivind Nielsen: "Cold Shoulder from Socialist Left"]

[Text] Thorbjorn Berntsen's wish for a future merger between the Socialist Left Party and the Labor Party is receiving a cold shoulder from leading circles in the Socialist Left Party. The deputy leader of the Socialist Left, Tora Houg, tells ARBEIDERBLADET that there is no reason to discuss the question of a merger. She also rejects the idea that the Socialist Left should enter into a closer organizational cooperation with the Norwegian Federation of Trade Unions in a similar way as the Labor Party.

"It seems as though Thorbjorn Berntsen's wish for a merger on the Left is on a collision course with party leader Gro Harlem Brundtland's courting of the Center Party and the Christian People's Party," says Tora Houg.

No Rapprochement

She also disagrees with Berntsen in that there has been a political rapprochement between the Labor Party and the Socialist Left Party, which makes it more relevant to talk about a merger now than previously.

"I consider the idea of a political rapprochement to a large degree as an illusion against the background of the Labor Party's conduct as an opposition party. The discussion climate has indeed become better, we now talk more easily with each other than before. But the real political dividing lines continue to exist," Houg believes.

As examples of important issues which divide them she mentions the security policy and the attitude towards NATO membership. The Labor Party led Norway into the marriage with NATO and the United States, while the Socialist Left Party wants a liberation from the block policy and NATO. The Socialist Left Party also wants a break with the capitalist economic system which the Labor Party has continued to administer while in office. Tora Houg believes that these differences will become more pronounced as soon as the Labor Party should again come to power.

Socialist Left and Norwegian Federation of Trade Unions

Tora Houg also disagrees with Marit Nybakk of the Norwegian Civil Servants Association who indicated that instead of breaking its professional-political cooperation with the Labor Party the Norwegian Federation of Trade Unions should also offer the Socialist Left a closer cooperation. "This is not a feasible course to take to solve the dispute regarding the professional-political cooperation between the Norwegian Federation of Trade Unions and the Labor Party. The Norwegian Federation of Trade Unions should have a proper relationship with both the Labor Party, the Socialist Left and other parties. But the Norwegian Federation of Trade Unions should not have such a close organizational cooperation either with the Socialist Left Party or with any other party as it now has with the Labor Party. No party should bind the the labor movement through such an intimate contact," she says.

12831
CSO: 3639/65

GRO HARLEM BRUNDTLAND SAYS LABOR OPEN TO COALITION TIES

Oslo ARBEIDERBLADET in Norwegian 9 Jan 86 p 9

[Article by Tone Bratelli: "Gro Open to Coalition"]

[Text] Labor Party leader Gro Harlem Brundtland keeps the door open for a government coalition with the center parties, i.e. the Christian People's Party and the Center Party. "I do not exclude a government coalition," she said at a press conference Wednesday.

Harlem Brundtland emphasized that she did not come with an offer. Such a coalition is not of current interest as long as the center parties are committed to the Conservatives or until there is a breakdown in the government coalition. She also believes that there are several government alternatives on the non-Socialist side. "I am opening a door for cooperation both within and outside a government," she says.

Position

When Harlem Brundtland does not exclude the possibility that a government coalition with the center parties could become a realistic matter, she says that this is a more clearly defined indication than any Labor Party leader has given before. She believes that the center parties will get just as far with their policy, if they broke off from the Conservatives. "There is a very large agreement in the Labor Party's and center parties' political programs," she says.

As an example Harlem Brundtland mentioned that there is apparently more agreement between the Center Party and the Labor Party in the agricultural policy than there is between the Center Party and the Conservatives. With regard to moral and ethical questions many Christian People Party voters are closer to the Labor Party than to the Conservatives. As another example she mentioned that the Labor Party has a liberal and open attitude towards private schools. "It is easy to work together with the center parties with regard to security policy," she said.

"Norwegian policy is in a very unclear situation," Harlem Brundtland said. I actually do not believe that the government situation will change in 1986. The non-Socialist parties have the majority, and I believe this term will be completed with a non-Socialist government in one form or another.

Gray Hair

Harlem Brundtland does not believe that the Labor Party and the Socialist Left Party will get together. "Both Thorbjorn Berntsen and I will indeed get gray hair or lose hair before this will become a realistic problem approach," she said. "Today we have a normal, relaxed relationship with the Socialist Left Party. But we are two different, independent parties."

12831
CSO: 3639/65

CENTER PARTY LEADER DOUBTS LABOR PARTY SUITABLE PARTNER

Oslo ARBEIDERBLADET in Norwegian 9 Jan 86 p 9

[Article by Oivind Nielsen: "Not Trustworthy"]

[Text] "I find it difficult to consider Gro Harlem Brundtland's invitation for a coalition as trustworthy," the Center Party's parliamentary leader Johan Buttedahl tells ARBEIDERBLADET.

Buttedahl feels that it is a paradox that the Labor Party leader now finds it expedient to come with an invitation for a government coalition, while during the whole budget discussion in the fall the party would not participate in finding joint practical or political solutions which could isolate Carl I. Hagen.

Labor Party is Socialist

He also puts forward the traditional ideological dividing lines between the parties and reminds us of the fact that the Labor Party is a Socialist party, while the Center Party considers itself as non-Socialist.

"Here is a clear limitation for a coalition, even though I see many common features in the programs of the Labor Party and the Center Party," he says.

Buttedahl says that he rather suspects a new party tactics behind the Labor Party leader's invitation than a sincere desire for political cooperation. Besides, the Center Party entered the election with the position that the work in the three-party government will continue. The Center Party continues to stand by this commitment.

"Do you plan to enter also the next election with the position of a continued coalition with the Conservatives?"

"Yes, the two and a half years of government responsibility together with the Conservatives and the Christian People's Party have given us good experience. The Center Party has no plans of changing this coalition pattern."

New Tones

Still, Buttedahl considers the signals which have now come from the Labor Party leader as new and interesting: "It is a new phenomenon that the Labor Party declares its intention to work together with others in the government position. As we know, this has not happened previously, but this means that the party also has no experience to build from such a coalition. Therefore it is difficult to know what the party leader specifically means with her invitation," says Johan Buttedahl.

12831
CSO: 3939/56

MOSCOW USED 'ARROGANT CONDESCENDING' TONE TOWARD BENKOW

Oslo AFTENPOSTEN in Norwegian 5 Feb 86 p 2

[Editorial: "Without Frontiers"]

[Text] Human rights know no frontiers. They apply to everyone and everywhere. It is peoples' duty and right to speak out for their brothers and sisters no matter where they may be -- in Norway, in the Soviet Union, Chile or South Africa.

This was the message heard on Monday from the podium of the Concert House when the Committee for Jews in the Soviet Union arranged its evening of solidarity with a national group which, in Soviet eyes, ought not to be a national group and which is therefore denied the most fundamental rights.

One really should not be surprised at the strong reaction in Moscow to this event, in the form of a "statement to the press" from the Soviet Embassy in Oslo. This shows that the criticism of the authorities' actions has hit home. At the same time, there is reason to be pleased that the embassy also considers such protests useful, since they write that "the event has not gone unnoticed back in the Soviet Union".

But it is scarcely uplifting that Moscow employs an arrogant and condescending tone toward leading Norwegian politicians, with Storting President Jo Benkow and Beiulf Steen at their head, who speak out openly in defense of human rights. This indicates that the Soviet leadership does not want to listen. Neither does superpower arrogance tally well with the solemn statements about good-neighborly relations, which are issued in Moscow on suitable occasions.

We too want Norway and the Soviets to be good neighbors and on good terms. As Benkow emphasized at the Concert House, good neighborliness can also turn into friendship, but is a poor friendship if one agrees with everything friends do, without speaking out.

It is not, as the Soviets maintain, interference in internal affairs to point out that individuals or groups are not receiving their rights. The authors of the press statement should look a little more closely at two documents which surely can be found in Soviet archives, the U.N. Declaration on Human Rights and the Final Act from Helsinki.

These two documents set no political boundaries for human rights, or any borders for defending them. And the signature of the Soviet Union is on both of them.

The important international conferences in Stockholm, Geneva and Vienna have received a new stimulus following the leadership change in Moscow and the summit meeting in November. But it doesn't help much that new documents are produced if the contents of these documents don't last. The Soviets can strengthen trust and contribute to reduced tensions by observing the agreements they have entered into. It is likewise difficult to have full trust in a country which treats its own citizens badly, and which arrogantly and condescendingly rebuffs those who point this out.

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CSO: 3639/71

POLITICAL NORWAY

CENTER PARTY CHAIRMAN ADMITS PROBLEMS IN COALITION

Poll Shows Declining Support

Oslo AFTENPOSTEN in Norwegian 8 Feb 86 p 3

[Article: "Center Party Against Wind"]

[Text] "There is no doubt that the situation is worrisome for the Center Party. It is a little party in retreat." Bjørn Balstad of the Gallup/Norwegian Opinion Institute characterizes the situation in this way for the smallest of the three government parties. In addition, Balstad emphasizes that unrest and internal disagreement always manifest themselves in a negative direction in opinion polls, regardless of which party it is a question of. Bjørn Balstad's comment in connection with the Center Party's low support, of 4.8 percent, on the January barometer from Gallup/NOI.

Jakobsen Optimistic About Coalition

Oslo AFTENPOSTEN in Norwegian 8 Feb 86 p 3

[Article by Lars Hellberg: "Counterforces No Problem!"]

[Text] The Center Party's chairman, Johan J. Jakobsen, has registered only "to a minor extent" what others perceive as counterforces in the party. Jakobsen does not figure on any break in the coalition and he will not agree to the fact that the Center Party because of these counterforces represents the government's "weak link." But he agrees with AFTENPOSTEN that problems in working together are arising in relations between the government and Storting.

"Of course we do not think that the Center Party should be above the critical analysis all other parties are subjected to," he asserts in an interview with AFTENPOSTEN. We made a tryst with the party leader and transport and communications minister at Fornebu Airfield at the crack of dawn on Thursday morning. Then he was on the way to an exhibition in Trondheim, from where he traveled on to Stavanger and Jaeren in order to be called to account before the central committee.

United Party

Jakobsen insists that the party is more united than in a long time, and he is looking forward with pleasure to both the central committee meeting and the future. As AFTENPOSTEN's readers could read earlier in the week, he thinks that it is not serious when AFTENPOSTEN writes that he is leading an economic-interest party in decline.

[Question] The dean of the opinion pollsters, Bjørn Balstad of Gallup/NOI, asserts, after the fashion of AFTENPOSTEN, that the Center Party is a little party in decline. Is he also not serious when he points out that the reason is internal unrest?

[Answer] "I consider Balstad serious. It is true that the Center Party has been in decline the last decade, and it can partly be associated with internal unrest. But personally I am more occupied with the fact that we stopped the decline in the election. Last fall we received 7000 new votes, a strengthened Storting group and an extra seat in the government."

Common Goals

"When we put the opinion polls to shame in the election I think it is associated to a great extent with the fact that we appeared outwardly as a united party. Confidence in the party increases when we present a uniform profile and can fight for common goals. We have never stood so united as in the last election, and this has had a positive effect."

[Question] Should the Center Party, as your denunciation of AFTENPOSTEN provides an expression of, be above the critical analysis all other political parties are subjected to?

[Answer] "Of course not. This is not what I criticized AFTENPOSTEN for. But I will insist on my right to speak up when I think AFTENPOSTEN does not have examples for its characterizations. This applies, among other things, to that about the Center Party's being a one-sided special-interest party."

[Question] Do you sincerely believe that the Center Party is anything more than a special-interest party?

[Answer] "We have to go by the available analyses of the party's voter basis. The farmers are not so dominating an element as some would have it. If the Center Party had been a narrow special-interest party this would, for that matter, have had to manifest itself in our political actions. If our political positions are analyzed, I believe that AFTENPOSTEN will have problems in finding examples for claiming that we are one-sidedly occupied with countryside economics."

To Minor Extent

[Question] Why do you take shots at AFTENPOSTEN when it must be obvious to everyone that the Center Party's problem is counterforces in the party's midst?

[Answer] "I take shots at those who I think are giving an incorrect description of the party. Let me turn the tables. When AFTENPOSTEN shoots over the mark the paper must find itself being subjected to a critical analysis. I have noticed counterforces to a minor extent in the party. The agreement regarding the party's main strategy is striking in comparison with earlier times."

Critical Light

"When Center Party people direct a critical light at parts of the government's policy it is not any denunciation of the coalition itself. When AFTENPOSTEN after the election criticized the government's health and social policy there was no one who perceived this as a denunciation of the coalition as such."

[Question] But the counterforces in the Center Party have, then, a totally different origin. Let us take Lars Velsand as an example. The other day he summed up the situation as follows: "The Center Party's challenge and problem is that for over four years we have been directly coresponsible for the political course which has been followed in Norway." Is this not clear talk?

[Answer] "It certainly is clear talk. But it illustrates what I personally perceive as Velsand's main point, namely to place a critical light on his own party without thereby calling into question the need for a non-socialist coalition," Jakobsen says. Besides, he recommends an interview with the departing chairman of the Oppland Center Party, Einar Moe, in order to have clarified what was said at the annual meeting the statement was taken from.

[Question] In this round let us stick to Moe, who is now a personal secretary in the Environmental Protection Ministry. He sums up the situation as follows: "If the government does not gain a freer hand in district politics, its basis will disappear." Is it reasonable of a party which possesses the Transport and Communications, Agriculture, Fisheries and Environmental Protection ministries to deny responsibility for the government's district policy?

"Well Said"

[Answer] "Moe is giving both a critical analysis and a signal to the government. Let me put it another way: If the government's confidence is weakened in district Norway, the majority will crumble away. This was, as we know, almost that the government parties' decline in the districts had paved the way for a socialist government."

[Question] What then will the Center Party do in order to bring the government over to the offensive?

[Answer] "The Center Party is especially worried over population growth concentrated in Oslo, Akershus and the Stavanger area and an equivalent decline in population in the districts. The reason is to a great extent the high unemployment in 1983 and 1984. In the districts many left the local milieu and moved to central areas in order to get work. At the same time the birth surplus is shrinking. It is more difficult than before to maintain the population pattern."

Considerable Effort

"On the more positive side, there is no doubt that the government has made a considerable effort to assure settlement. The catchwords are reduced inflation, a dramatic reduction in unemployment and increased growth in investment in the districts. The task now is to utilize these opportunities to create a basis for more balanced growth, which at the same time can ease the pressure on the Oslo region."

"The task today is greater and more difficult than before. We have to bank on new thinking in order to fulfill the longterm program's objective of preserving the 'main features of the settlement pattern.'"

[Question] How would you describe the Center Party's future prospects in a situation in which you are struggling with what others perceive as counterforces and fifth columnists?

[Answer] "First, fifth columnist is a very strong expression. According to the dictionary it means saboteur and traitor, and carried over to political life it becomes both strong and excessive."

Optimist

[Question] We used it as a characterization of non-socialist politicians who are consistenly oriented in the direction of another government combination. But what about future prospects?

[Answer] "This will certainly shock AFTENPOSTEN, but I am an optimist. I think we have stopped 10 years of steady decline. We also have a good political platform, both in the Storting and the government. As party leader I am most happy about the fact that the 'regrowth' is better than in many years. I can refer to the pack of new capable politicians who have 'invaded' the government, Storting and secretariat. But AFTENPOSTEN certainly disagrees with this," he says mildly polemically.

Better Contact

[Question] Let us rather return to the starting point. Do you disagree that the coalition on the government plane is proceeding without a hitch, while problems are arising in the Storting, among other things, in relation to the counterforces in the Center Party?

[Answer] "I can confirm that the government coalition is proceeding well. I also agree that each time problems have arisen it has happened in relations between the government and the Storting. This part of the analysis I have no problems with. All government parties acknowledge that the forms of working together and of contact can be improved."

Center Party and Doubts

[Question] According to Anne Enger Lahnstein, AFTENPOSTEN has become a strain on the government coalition by "constantly sowing doubts regarding the Center Party's will to work together." When did we sow doubts regarding your will and that of the party leadership to work together?

[Answer] "I have noted that AFTENPOSTEN has never sown doubts regarding my attitude. The problem arises when AFTENPOSTEN almost by definition points out the Center Party as the government's weak link. The party sees this as unjust, not least because it was the Center Party's national congress which paved the way for broadening of the government in 1983. When AFTENPOSTEN characterizes the party as the weak link it can only contribute to impairing the coalition climate."

[Question] Do you think that AFTENPOSTEN should refrain from writing about the counterforces you have to combat, not least in the Storting group?

[Answer] "I of course do not want the Center Party to escape critical analysis. But AFTENPOSTEN also does not have to completely bristle when we retort. I will not as a matter of course accept counterforces as a designation for those who direct a critical light at part of the government's policy."

Impatience

"Impatience must not be confused with outbursts against the coalition. I will maintain that comparable dissatisfaction has also been expressed in the other two government parties, without this having resulted in the strong characterizations AFTENPOSTEN has used regarding the Center Party."

[Question] Is what you are now saying to be understood as a guarantee that a united Storting group will continue to fight for a non-socialist coalition?

[Answer] "No party leader, also neither Erling Norvik nor Kjell Magne Bondevik, can give such a guarantee. It is the results of the government's policy which will make the coalition credible and which will create the basis for a continuation also beyond 1989," Jakobsen says. Accordingly, he does not figure on any break in the term we are now in. He obviously thinks he has the counterforces with him on this.

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POLITICAL NORWAY

LABOR PARTY YOUTH ORGANIZATION HOME OF RADICALS, FUTURE LEADERS

Oslo AFTENPOSTEN in Norwegian 8 Feb 86 p 3

[Article by Eivind G. Karlsen: "AUF [Labor Party Youth Organization] Chairmen with Heart on the Left: Labor Party's Brood Ready"]

[Text] The country's best known AUF member occupies NRK's [Norwegian Broadcasting Service's] director's chair at Marienlyst: Bjartmar Gjerde. But what has become of other previous chairmen and secretaries of the Labor Party's often so red and radical youth corps? They are in various more or less influential positions--or at the starting hole to move into the political power machinery if the opportunity should be offered. For that matter, the one who is closest to contending with Gjerde for the "status" named is the Storting's vice-president, Reiulf Steen.

Today scarcely many are aware of the fact that precisely /these/ [in italics] two were at one time in the same class in the Labor Party Youth Organization, or, more briefly, the Organization. For during the years from 1958 to 1961 Gjerde was chairman and Reiulf Steen secretary there.

Steen and Bye

The succeeding duo at the organization's top was no less interesting, in terms of political future. Then Steen moved up as AUF chairman with Ronald Bye as secretary. From 1969 to 1975 these two "camped" together in the Labor Party's leadership, as vice-chairman and party secretary, respectively. At the conflict-filled Labor Party national congress 11 years ago, when the chairmanship fight, as we know, was between Steen and Odvar Nordli, present Tourism Director Bye said thanks for the company. He was succeeded by another former AUF member, Ivar Leveràs, a central committee member of the Organization through almost all the stormy 1960's.

NATO and Vietnam

The current party secretary accordingly took part in most of it, both when the AUF in earnest showed its colors against Norway's membership in NATO and in the commotion and excitement against the USA's war in Vietnam. Much of this left-wing radical opposition began in 1966-67, during the late

Ola Teigen's chairmanship of AUF. But the driving forces lay especially in the district group in Oslo.

One must undeniably agree with Haakon Lie when he in his book "...Slik Jeg Ser Det" ["As I See It"] names some names which later were to recur: Bjørn Skogstad Aamo, Bjørn Tore Godal, Arne Treholt, Rune Gerhardsen, Einar Førde and Jan Otto Hauge. Of these six--Lie characterizes them as "a group of students who were in sharp opposition to the party's foreign policy course"--two later became chairmen of the organization, namely Godal and Gerhardsen. Today the first named is chairman of the influential Oslo Labor Party, while Einar Gerhardsen's son is a secretary in LO's [Norwegian Federation of Trade Unions] economics department. It would be ill-considered to not count them among possible "men of the future" in the Labor Party. Einar Førde has a prominent position already as its second-in-command and a former cabinet minister, but he will hardly get further.

"Closer to Socialist People's Party"

Another of those named, Bjørn Skogstad Aamo, is now the "second-in-command" and director of the Districts Development Fund, and a former undersecretary in the Finance Ministry under Per Kleppe for six years. Haakon Lie refers to the fact that Skogstad Aamo wrote about the group then that "it actually was closer to the Socialist People's Party than the Norwegian Labor Party." There were surely more who made this reflection for themselves. And what was said really came true with another very active figure in the left phalanx, Arne Kielland. He was elected to the Storting for the Labor Party in 1969 but went over to represent the Socialist People's Party / Socialist Left Party in the period after the EC vote in 1972. The former Young Left man had made a flanking movement around the Labor Party.

Against EC and Party

Several of the AUF activists named played an odd role against the party leadership during the EC controversy, not least through the so-called AIK [Labor Movement's Information Committee] which according to traditional socialist terminology doubtlessly pursued wing activity. A bursting party stayed together at a certain halt; the exclusion of the Orientation circle along with, among others, Finn Gustavsen (the still topical, and now again as an editor!) took place, to be sure, just 10 years back in time. Incidentally, Gustavsen was chairman of the Oslo AUF in 1955-56.

After these--it can certainly safely be said, thought-provoking--hit-and-run forays a few decades ago, we make a jump back to the AUF at the liberation in 1945. The chairman of AUF at that time was Trygve Bratteli, the Labor Party chairman who certainly let the Labor Party with difficulty swallow the defeat in the EC issue, but who could of course accept this in his capacity as Norway's prime minister. He had little reason to forget those who deserted when it counted most--for the country. But Bratteli hid the resentment well as long as he lived.

Ought to Write

Bratteli's successors at the top of AUF were, first, Rolf Aakervik and Frank Andersen, both little known outside the party. The same cannot be said with the same right about those who held the organization's reins from 1952 to 1958, the former Oslo deputy mayor and longstanding director of OBOS [Oslo Housing and Savings Group], Ivar Mathisen, and the former editor of ARBEIDERBLADET, and now one of the NRK director's radio editors, Reidar Hirsti. Both have experienced so much in and with the Labor Party--have been, so to speak, right in the middle of internal party dramas--that they with candor certainly could complete and expand on the, as time went on, rich memoir accounts regarding DNA's [the Norwegian Labor Party's] postwar history. Or have the publishing house editors tried in vain--already?

Ready to Jump

For that matter, a former AUF chairman fits more than classwise in this respect: This concerns TIDEN Financial Director Hans Raastad. He succeeded Ola Teigen in 1969. Two years later Bjørn Tore Godal took over the baton. Then came Rune Gerhardsen--and then the first woman: Sissel Rønbeck. Her successor, Thorbjørn Jagland, is, incidentally, the party's report chairman and one of current Labor Party Leader Gro Harlem Brundtland's close associates. They are there, as they say, sort of ready to jump into influential political positions whenever the opportunities offer themselves.

Girl Among the Guys

The crowning example presents itself: Sissel Rønbeck, the girl among the guys, already former cabinet minister and now chairman of the Storting Ecclesiastical Affairs and Education Committee, and, no less important for a continued career in the party and politics, leader of the Labor Party's women's secretariat.

Without doubt a NATO opponent fervently from the heart, as so many of the others mentioned, but, largely speaking, with the telling taciturnity which characterizes the party after the "security policy's least common multiple" was found and thereby our NATO membership was no longer debated: We will get to hear more from the women's secretariat's leader.

Many Names in AUF

The AUF was founded in 1903 but was called the Norwegian Social Democratic Youth Alliance until 1921. In the contentious 20's the name was then the Norwegian Communist Youth Alliance, then the Left-Wing Communist Youth Alliance (!), and the Labor Party Youth Organization from 1927.

The following have been chairmen since 1945:

Trygve Bratteli, 1945-46.
Rolf Aakervik, 1946-49.
Frank Andersen, 1949-52.
Ivar Mathisen, 1952-55.
Reidar Hirsti, 1955-58.

Bjartmar Gjerde, 1958-61.
Reiulf Steen, 1961-64.
Ola Teigen, 1964-69.
Hans Raastad, 1969-71.
Bjørn Tore Godal, 1971-73.
Rune Gerhardsen, 1973-75.
Sissel Rønbeck, 1975-77.
Thorbjørn Jagland, 1977-81
Egil Knudsen, 1981-85.
Jens Stoltenberg, 1985-

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POLITICAL PORTUGAL

POLL INDICATES FEW APPROVE OF EANES SUPPORT FOR ZENHA

Lisbon SEMANARIO in Portuguese 10 Jan 86 p 4

[Text] One of the questions in an exclusive NORMA/SEMANARIO poll concerned people's feelings on Gen Ramalho Eanes' support for presidential candidate Francisco Salgado Zenha. The field work for this poll was conducted from 7 to 9 January 1976.

Only 26.4 percent of those asked stated they agreed with the president's support for Zenha. Out of these, only 4.5 percent said they thought this was very good and 21.9 percent thought it to be merely good.

On the other hand, 55.1 percent felt it was bad or very bad for the president of the republic to give his support to presidential candidate Francisco Salgado Zanha: 35.1 percent felt it was bad and 20 percent felt it was very bad.

The results show that 16.1 percent said they did not know and 2.5 percent did not respond.

The poll also shows complete national homogeneity on this question.

In fact, 55.4 percent of those polled in Lisbon said they were against Eanes' position and 26 percent in favor of it. In Porto 48.9 percent said they were against it and 28.4 percent in favor of it. In Coimbra 57.7 percent said they were against and 22.6 percent agreed with Eanes.

Even in Evora, 53.3 percent of those polled were critical of him and only 29.4 percent supported his position.

In Viseu, 50.2 percent of those polled disagree and 22.3 percent agree.

It is curious to note the preferences expressed by the various electorates. Among the PSD electorate 79.6 percent disagree with the president and 4.6 percent agree. We find that 92.7 percent of the CDS electorate disagrees with the president and only 10.6 percent agrees. The PS electorate is 62.5 percent against and 13.4 percent in favor. The APU electorate is perfectly split at 47.1 percent against and 47.1 percent in favor.

In your opinion, was Gen Ramalho Eanes very right, right, wrong or very wrong in supporting presidential candidate Salgado Zenha?

								Sex		Age		Social Class		
	TOTAL	Lisbon	Porto	Coimbra	Evora	Vila Real	Viseu	Male	Female	18-44	45+	High	Middle	Low
Very right	4.5	5.1	3.4	3.9	3.8	2.3	3.3	7.8	1.7	7.2	2.0	8.5	3.1	-
Right	21.9	20.9	25.0	18.7	25.5	14.1	19.0	21.8	23.2	23.2	20.6	23.6	23.0	1.7
Wrong	35.1	35.0	33.9	20.8	41.6	21.4	24.5	33.8	36.2	32.2	23.8	32.8	31.5	83.5
Very wrong	20.0	20.4	15.0	36.9	11.7	36.8	25.7	20.5	19.5	22.5	17.6	24.6	19.6	.9
Do not know	16.1	16.2	16.0	17.3	15.4	25.1	6.3	13.3	18.4	11.3	20.6	10.1	19.1	13.9
Do not Resp.	2.5	2.4	1.7	2.4	2.1	.4	21.2	2.7	2.3	3.7	1.4	.3	3.7	-

It is only among the PRD electorate that we find 75.9 percent feeling it is good or very good while 19.4 percent feel it to be bad or very bad. Among those who abstained in October, 22.5 percent agree with the president's position while 44.1 percent are critical of it.

This poll, with its devastating results for Gen Eanes, shows the same homogeneity of opinion when broken down by sex, age and social class.

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POLITICAL PORTUGAL

CAVACO SILVA ENJOYS HIGH APPROVAL RATING

Lisbon TEMPO in Portuguese 24 Jan 86 p 6

[Excerpt] On the eve of the presidential election, Prof Cavaco Silva's government is enjoying a phase of great confidence and harmony. This week the prime minister has been studying the results of an extensive poll ordered by his cabinet and conducted by NORMA. The poll shows that the public has the greatest confidence in his government. More than 55 percent of those polled believe there is no alternative to this government. Although only the prime minister has the poll's results, it is known, for example, that more than 60 percent of those polled favored private television stations. It is noteworthy that the government decided to ask parliamentary approval for a church run channel while it admitted the possibility of extending this opportunity to other private groups.

However, the government's tranquility stems from the poll's others known results. On the question of the prime minister's ability to grasp ideas, 69.2 percent of the respondents consider him to be very intelligent while only 1.6 percent questioned his intelligence and devotion to country. More than 50 percent (54.2 percent) feel he is cool headed and resolute in making important decisions for Portugal; 2.4 percent do not feel this way. On the question of his authority, 54.2 percent feel he has authority and only 3.7 percent disagree. In the area of government experience, 45.6 percent of the electorate that voted for the Socialist Party in October do not question his experience. Fifty two percent believe in his capacity for dialogue while 4.1 percent doubt it. The prime minister can govern in tranquility because only 3.6 percent of those polled doubt his ability to govern. Cavaco Silva can be completely at ease with his government because a majority of those polled believe it will last 4 years. It is also curious to note that a majority of those who voted for the PS and PRD in October believe in Cavaco Silva's authority and competence and in this government's effectiveness. The poll was conducted between the end of December and the beginning of January.

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CSO: 3542/65

EEC POLL SHOWS LOW LEVEL OF SATISFACTION

Lisbon DIARIO DE NOTICIAS in Portuguese 22 Jan 86 p 2

[Text] The Portuguese are among the most unsatisfied of all the inhabitants of the 12 EEC countries. This was disclosed in a Eurobarometer (a public opinion polling institute that conducts polls at the European Commission's initiative) poll published in Brussels.

Despite the fact that the poll was conducted between 8 October and 5 November 1985, Portugal and Spain were included in the study for the first time.

According to the published poll, the Portuguese are in last place, after the Italians and Greeks, when it comes to satisfaction with life. The Danes, Luxembourgers and Dutch are the most satisfied. Spaniards fall among the average, between the Germans and the French.

Only 3 percent of the Portuguese are "very satisfied" with life. This is far from the 55 percent of all Danes who feel this way. It is also far from the 10 percent of all Italians and 13 percent of all Greeks upon whom life truly smiles.

The satisfaction with life indicator naturally cannot be disconnected from the future outlook figure. The only European Community countries where a majority of people believe that 1986 will be worse than 1985 are Portugal, Belgium and Greece.

There is a slight improvement over the previous results in the state of national pride category. Only the Belgians (due to identity crisis problems) and the Germans (for obvious historical reasons) scored lower than the Portuguese on national pride.

The Portuguese attitude toward societal change is also interesting to note. Given the above responses, it is no wonder that they are the most revolutionary: 11 percent of those polled suggested radical change, while only 7 percent of Italians and Greeks--who follow the Portuguese on this response--do likewise.

The topic of religion also allows us to draw interesting conclusions. Of the group of countries where 4 out of 10 people polled believe God is "very important", Portugal and Ireland head the list with 46 percent. Italy, Greece and Spain follow.

The Portuguese attitude toward Europe and the Community is in harmony with the attitude of the citizens of the other 12 [sic] (with the exception of Denmark) countries. The Portuguese favor the "idea" of a unified Europe. It is noteworthy that only the Italians are ahead of the Portuguese in this category while Luxembourgers are at the same level.

Despite the integrationist sentiment, only 42 percent of the Portuguese consider Portugal's accession to the European Community a "good thing", while 18 percent believe it is "neither good nor bad" and 10 percent believe it is a "bad thing".

Thirty percent of the Portuguese who were polled did not respond. This is a much higher fighre than Spain's (the next highest), where only 16 percent of those polled refused to respond.

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POLITICAL PORTUGAL

BRIEFS

DAMAGE TO CAHORA BASSA--Acts of sabotage by the National Mozambican Resistance (RENAMO) destroyed more than 500 electric power pylons in just the districts of Manica and Sofala. This was reported by the dam's management which also indicated that 2 million contos will be required to repair the pylons. The Portuguese government says that it will not repair the pylons until Maputo can guarantee that the dam's grid system will no longer be the target of sabotage. This is clearly a condition the Mozambicans cannot meet. The Cahora-Bassa dam, which was designed as one of the world's most daring hydroelectric undertakings and a means to develop southern Africa, has not been able to reach its potential because of the political instability in Mozambique. [Text] [Lisbon TEMPO in Portuguese 17-23 Jan 86 P 30] 9935/9738

CSO: 3442/123

MILITARY FEDERAL REPUBLIC OF GERMANY

MISSION, STRUCTURE OF NAVAL WEAPONS TRAINING CENTER DETAILED

Bonn WEHRTECHNIK in German Oct 85 pp 44-55

[Article by Rolf Werner: "Naval Weapons School: Central Naval Training Site for Adopted Weapon Systems"]

The naval weapons school (MWaS) trains all soldiers in the navy who are supposed to operate, install and maintain the weapons and weapon systems which have been adopted. The introduction of modern data processing systems in particular eliminated the traditional boundaries between the operation and installation of weapons. The weapons were integrated into systems. This requires constant adaptation to the new technologies by followup training of the trainers, in the organization of the training and in the infrastructure. Thus, in the past 20 years the face of the naval weapons school has steadily changed. The path from the artillery school and underwater weapons school to the naval weapons school could some day lead to a weapon system school clearly influenced by the new weapon systems which have or are yet to be introduced. The school's present situation, its tasks, opportunities and means are described below by Lt Cmdr Rolf Werner, inspectorate chief and deputy training commander at the MWaS. An interview with Capt Hans-Juergen Schaefer, school commander, follows.

In view of the development of modern weapon systems, the increase in their destructive force and the integration of soldiers into these modern technologies it is necessary to repeatedly focus on the real sense of the whole. It is a matter of putting political goals above fascination with technology. The political will to prevent war can only be successful if the potential threat can be countered by a credible deterrent.

Only individuals who in the case of self-defense can and want to fight with a view toward success serve the political goal of preventing war and in a national defense emergency the goal of ending the war.

All who procure, operate, maintain, install weapons and train on them must be oriented to these political maxims.

Mission

The MWaS trains officers, noncommissioned officers and men for the surface and underwater weapons sectors. The General Navy Office supplies the training instructions for the 151 different courses. The MWaS plays a role in the development of these instructions. The school commander has a staff group and two classes to implement this mission.

While the greatest part of the courses serves to train the soldiers for their later assignment on ship or on land, the MWaS is also the training site for the soldiers in the moving fleet in the context of free training capacities. These soldeirs are given more education in their tasks, trained and intensively familiarized in team training with the operative and tactical operational principles and procedures of modern combat. Soldiers in the army, officials of the Federal Border Guard-Sea, employees and officials in the defense sector and soldiers of friendly navies have an opportunity in special courses to be trained and further educated.

Nevertheless, the focus of the training is on so-called normal training. This takes place in close coordination with the fleet. At the end of the training the men and noncommissioned officers must be able, within the context of their tasks, to safely operate the weapon system which is designed for them. But they must also be in a position to carry out service tasks and repairs on a limited scale. Beyond that, the officers are taught the tactical doctrine with the appropriate operative and tactical operational principles and procedures. In this, training goes beyond the limits of the weapon system so that the officers as a team can better evaluate the tactical requirements of the surface and underwater weapon systems, judge them, and take them into consideration in making their decisions.

Organization

With the arrival of modern weapon systems in all flotillas of the fleet the distinctions between surface and underwater weapons became fluid. Acquiring, processing and relaying information were integrated in central command and weapon system computers.

The combining of the naval artillery school (MArtS) and the naval underwater weapons school (MUWS) under a single command was the logical outcome. Thus, today the school is organized into two classes and one staff group. Because of the physical separation, class A with the commander of the MWaS and staff is in Eckernfoerde, and class B in Kappeln has its own class staff.

Training Facilities and Training Means

Both classes are quartered in newly built barracks. They have modern housing areas, training facilities and care facilities.

Some 1,400 soldiers (permanent staff and students) and 300 civilian staff workers determine the course of training. The change of weapons generations in the 1970's resulted in high differentiation and specialization of the necessary technical personnel. Although old weapons remained in service in fleet units, new weapon systems were added.

The result of this for the school is the following mission situation:
--The student-teacher ratio is frequently one to one, for training must be given in
--39 different weapon control systems,
--31 different surface weapons

--16 different underwater weapons
--14 trainers and simulators.

The technology to be taught spans several generations of technology. Against this development, the course structure at the MWaS becomes understandable:
--151 different courses
--course length from 3 days to 18 months
--number of students in the courses between 2 and 30 soldiers.

It is clear here how the procurement of weapons and equipment impacts training.

The limit of the capacity of the school under didactic, methodological and economic points of view has probably been reached. In planning and implementing procurement projects the effects on training in the material and personnel sector must be given much greater consideration.

Training in Class A
Class A trains soldiers in all ranks for
--underwater position finding systems
--torpedo and antisubmarine weapons
--mines and mine countermeasures
--the automated combat and information system (AGIS) of the 143/143 A fast patrol boat class
--underwater demolition training with and without diving operation and
--the maritime pentathletes.

In addition there are the courses in the context of training support and team training for the moving fleet units.

Central to the training activity are the specialized areas with their training facilities. It is essential that in addition to theory practice retains its considerable importance. The original weapons and their weapon control systems with the associated sensors and simulators are available. The individual specialized areas work closely together with the appropriate flotillas.

Simulators and Trainers
Process Trainer, Training Equipment for Underwater Weapons (AGUW)
The trainer is used in the officers' courses to practice theoretical knowledge.

Defense against mine threats, passing through sectors endangered by mines and antisubmarine warfare are taught. In this, the processes for defending against emerging sea-air threats are also practiced. The focus here is on formation training.

This facility no longer is appropriate to the level of today's technology. A modern trainer is being planned.

AGIS Simulator

Starting in 1975 the specialized area of fast patrol boats (SB) received the AGIS-S 143 training facility. In order to be able to train the system operating and control personnel of the new S 143A class the facility had to be modified. This took place effective 1982.

The simulation became the foundation of today's modern weapon system training. With the help of software for modern computers, called here "AGIS Simulation Training Program-Land" (APLA-SIM), almost all influences of the real environment and all functions and reactions of whatever system has been connected in can be simulated.

Via the training monitoring console the trainer can set up a comprehensive training scenario by hand or with magnetic tape in minutes.

The videosimulator provides the opportunity to put more than 50 videos with dynamic parameters on the screens.

Changing sea motion reflexes with an impact on target tracking and weapons effect as well as changing radar and torpedo sonar ranges can be entered.

Moreover, meteorological disturbances (rain clouds) and enemy disturbances (of an electronic kind), coastal contours and fixed contacts can be represented.

With Link 11 data transmission in the simulation (zero-time information) the whole use spectrum of the system can be practiced.

These simulation capabilities make training independent of target vehicles. Of course, it is also possible to do practical drilling via the optical fire control system (installed on the roof) with target aircraft.

"Go fast! Think Fast! Act fast!" This motto has not lost its validity for fast patrol boat drivers. In addition to mental agility, soldiers must mainly be taught to make full use of the system reaction times which last but a few seconds. This is of decisive importance for successful use of the boats.

Training Facillities in the Specialized Area of Underwater Defense Weapons (SP)

The specialized area of SP training is done in two distinct training sectors. On the one hand for the use of mines, and on the other for mine countermeasures. This produces three key training issues:

--Training for soldiers of the minelaying and sweeping forces flotilla (MS flotilla) on the
---fast minesweepers and inshore minesweepers with traditional mine-clearing equipment.
This is mechanical minesweeping gear for moored mines, magnetic and acoustic minesweeping gear for command-fired mines (ground mines).
---Class 331 B minehunters.
Detection of all types of mines with high frequency sonar devices
---Magnet skid guided boots of the Kl 351 (TROIKA) HL boats.

Traditional mine-clearing with remote controlled magnet skids (unmanned small boats).

Training for soldiers of the fleet's boats and ships which are equipped for use with mines (for example, submarines, fast patrol boats, destroyers, and especially minesweepers)
--Training for soldiers in underwater demolition training with and without diving operation.

Two training facilities should be highlighted. The class 331 B minehunter trainer and the HL boat 351 training facility. In both training facilities it is a question of computer-assisted simulators which almost realistically simulate combat situations. Operators, maintenance personnel and boat command can train everything that is required later in actual practice.

The Class 331 B MiJ [minehunter] Trainer
Minehunting is based on the principle of underwater sound detection as generally familiar from antisubmarine operations. Strongly concentrated high frequency sound energy is aimed at the ocean floor. The reflected energy (reflection on the floor) makes it possible to represent the structure of the ocean floor and the objects which lie on the ocean floor (for example, mines, oil drums, stones, wrecks, and the like).

The hardware consists of:
--a process computer which has all programs available and controls them
--a drill command position with sonar sighting equipment, printer and x/y recorder which plots the movements of the MiJ boat in the operation sector
--a pilothouse for boat simulation
--a control desk for the PAP 104 mine demolition equipment (underwater drone).

The software makes the following possible:
--minehunter simulation using PAP 104 underwater drones
--sonar simulation with all the environmental parameters which affect its use, for example, nature of the ocean floor, sound propagation under water, ocean currents.

The simulation possibilities stem from 20 different environmental parameters which can be combined and stored in 60 different exercises with different degrees of difficulty.

Free input during the training makes the operation realistic:
--course and travel of the MiJ boat
--wind and current according to direction and intensity
--launching and guiding the PAP 104 to the target
--release of the mine destruction charge
--igniting the charge and destroying the mine.

The operations center (OPZ) is equipped with the original equipment and appropriately arranged in terms of space. The entire sonar system is likewise available. The integration of simulation with the onboard systems thus provides the opportunity to meet all the requirements of practice-based training. Operators, maintenance personnel and navigation thus experience training in which an MiJ team is developed which can lead the successful operation against mines.

The advantage of minehunting, discovering and destroying the mines to be controlled independently of the detonating mechanism, is offset by a substantial disadvantage: the mines which cannot be discovered because of certain environmental factors. This share can only be controlled with improved mineclearing technology. Every moving ship changes the environment by its magnetic, acoustic and hydrodynamic fields. These changes are registered and analyzed by the mine. If the environmental changes measured agree with the parameters of the ship which is to be attacked the mine detonates. These ship fields can be simulated by mine-clearing equipment. The HL 351 weapon system utilizes this. With this system totally new ground was broken in mine-clearing technology. There is nothing comparable far and wide.

A guided boat controls three small unmanned minesweepers (HFG F1) in an area which is dangerous because of mines and where acoustic and magnetic ship fields are simulated.

The advantages are obvious:
--reducing the risk for personnel and material
--use of 4 sweepers with a crew of 40 men.

The HL 351 Training Facility
The HL 351 training facility meets all the requirements for simulating the guided boat and the HFG F 1 in operation against mines:
--simulation (SIM) of the guided boat and the guiding process with the HFG F 1 on the move and in operation
--SIM of all essential environmental parameters above water and under water which can influence use against mines
--SIM of mine threats that occur
--using situations to prepare operations and navigation as realistically as possible for combat situations in which fast reactions by the operator and correct decisions by the officers are required.

The linking of computer-assisted simulation of the overall comprehensive weapon system--including the mine detection equipment on the guided boat--with the original onboard facilities leads to optimal training that is based on practice. Here, too, OPZ teams of the guided boats can brush up and improve their skills in theory and practice.

Training Equipment for Antisubmarine Operation/Sonar (AGUS)
The AGUS was installed in 1980. In both "hardware" and "software" it provides full simulation for practice-oriented training of operators and OPZ teams:
--imitation of the acoustics of all integrated sonar systems,
--realistic physical SIM of the underwater sound propagation,
--display of the weapon deployment of all attached systems,
--use of genuine ship parameters for our own ships (destroyers, frigates, antisubmarine boats) and for the target submarines in dynamics, target sounds and target and echo strength.

The central computer with 128 K "administers" all programs and data files. It controls the overall running of programs and centrally takes on the SIM tasks which are the same for all sensors and effectors.

Nine satellite computers (64K) are divided up into
--three SIM computers for sonar,
--three SIM computers for weapons,
--three main computer control rooms for controlling the training control consoles in the auditorium with siuation image preparation from the consoles and the large image display (laser projector).

The peripheral systems include the operation centers of the integrated weapon systems
--OPZ 1--Bremen class frigate
--OPZ 2--Hamburg class destroyer
--OPZ 3--Thetis class antisubmarine boat.

Experiences with AGUS training emphatically confirm the concept of simulator training. The training in the AGUS with students and with the antisubmarine teams of the fleet units have shown that effective weapon deployment can also be achieved with older weapons.

The virtually real training with realistic SIM of the sound propagation, the weapons, ships and targets, the success control of the operations and weapon deployments and the high availability at low cost speak in favor of the simulator concept in antisubmarine operations.

Training Equipment: Submarine Weapon System (AWU 206)
Since the time the AWU 206 was given over to the school in 1978 the specialized area of submarines (UB) has had one of the most modern simulators in NATO. It is considered to be the highest level of simulation facilities because intellectual and manual skills as well as cooperation in the submarine team are obvious and objectively assessable.

The operations center (OPZ) consists in terms of dimensions and arrangements of equipment precisely of the components of a class 206 submarine. The OPZ absorbs the operation team of a boat (13 soldiers). The boat is free in its movements, limits on freedom of action for the commanding officer are the same as those which he would encounter in reality.

The auditorium is used for the large image display of the preparation and followup of the training. Here three monitoring control devices move surface vehicles with their own dynamics, detection equipment and weapons in such a way that the OPZ team can establish its combat situation via the original sensors.

From this all surface and underwater scenarios which are conceivable for a submarine can be produced.

Opportunities for Variation
--Environment

Some 72 different environmental displays with differences in the view through the periscope, brightness, sea movement, nature of the ocean floor, sound propagation, and so forth
--different regions of the sea
--targets and sensor
minefields, ships, minesweepers, units, floating/flying submarine chaser systems, and the like

The target display is done realistically in the appropriate situation depending on the environment, for example, day, dusk, speed, distance. The underwater situation with its acoustic peculiarities is also simulated.
--various target effectors

The antisubmarine weapons of the targets are especially interesting. These determine the threat radius of the submarine chaser and are realistically simulated.

All sensor information including the view through the periscope is produced and displayed synthetically, but realistically. Thus, the commanding officer really sees a frigate through the periscope. The detonation noises of an antisubmarine weapon are also realistically produced in the "submarine."

The training in the AWU 206 simulator has clearly improved the level of training in the submarine flotilla. Submarines today go into sea training with better preparation following training in the AWU 206.

Class B
"I decree:
A ship artillery school is to be established in the spring of this year in Sonderborg. A captain will be in charge as commander. I grant him the jurisdictional disciplinary and leave authority of a commander in a division of seaman recruits. The men who are commanded in the aforementioned school will wear hatbands with the inscription: 'Ship Artillery School'
30 March 1907'
This can be read in "sailing directions" for class B. It proves: in spite of the most modern technology and substantial changes in their organization the naval "artillerymen" have their tradition unaltered in their consciousness. This is good.

On the first page of the brochure "Training Opportunity Naval Weapons School Class B" there is the following:
"The function of securing the peace can be fulfilled by the Bundeswehr only if it is armed for every emergency, armed not only in respect to weapons and equipment, but--and that is the most important aspect--also in the consciousness of the soldiers."

Former President
Walter Scheel
5 April 1978

Building this bridge between yesterday and today, the synthesis of good tradition and modern military tradition characterizes the esteem in the training process and the understanding of the mission.

Training Mission and Organization

The mission of class B comprises the training of soldiers in surface weapons of the floating units and in antiaircraft weapons for the defense of the naval air bases.

Beyond that, officials of the Federal Border Guard-Sea and the armament sector are often guests who utilize the training opportunity.

The moving fleet is likewise supported and the soldiers of friendly navies are trained.

The commander of the class overseas an instructional staff, five training inspectorates and four specialized areas. These are the specialized areas of operational principles and procedures (EV), weapon control (WL), weapon technology (W) and electrical engineering, electronics, natural sciences.

Some 340 soldiers and civilian staff workers shape the training in up to 69 different courses. Some 400 to 600 learners attend the class each quarter.

Training Facilities and Training Means

The existing facilities, weapons aand equipment serve two overlapping goals:
--The soldiers are supposed to be qualified to safely operate and successfully use the weapon system,
--and in the event of breakdowns they are supposed to be able to take steps to make the equipment or weapon once again operational.

28 radar and fire control devices
24 guns of different calibers
surface-to-surface, surface-to-air guided missiles
chaff systems and trainers/simulators for the training of operators, maintenance personnel and marksmanship training are made available for this.

The guns are installed in the main school complex in Kappeln and also in the outside facility, which is 6 km away, in the Olpenitz base on the coast.

There the training facilities are located with the fire control systems. For instruction in operational principles and procedures of surface warfare there is, in addition to the modern computer-controlled simulator for surface firing methods (SUeS), a training facility for land target marksmanship training and the opportunity to practice tactical decisions in combat (tactical floor).

The Simulator for Surface Weapon Firing Methods (SUeS)

Since May 1981 class B has had a modern training facility with the SUeS at which officers and chief petty officers are trained intensively and realistically. In addition, firing methods which have been adopted can be tested and new methods tried out.

The SUeS has a central computer which can represent five different naval fire control systems. The students are first trained in the original facilities and then go to the SUeS in order to practice the procedures for the appropriate weapon delivery. Here we are dealing with weapon systems from the fast patrol boat to the F-122 frigate. Future fire control systems and weapons can be put into the central computer's program.

The SUeS had a control room with central large image display and auditorium, an electronics room and two battery command posts. In the control room there are two training command consoles to direct training. The electronics room is equipped with the optical simulators, the control room control, the battery command posts control and additional operator's position (for example, programming position). With the optics control position, the weapons control position, the optics monitor for the battery commander and the radar consoles of the fire control systems the battery command posts are adapted to real conditions.

Training Organization

In organizing a training exercise the training director has the opportunity to select in all a maximum of three targets per scenario from five surface target models, a guided missile model with five flight profiles and three air targets with eight profiles. The environmental conditions such as daylight, vision, weather, sea motion may be selected at will, as can the size of the sector of ocean and the target speeds and courses. During an exercise complicated conditions can be introduced, such as radar failure, obstruction of vision by smoke, electronic jamming (ECM) in all conceivable variations, weapon failure and changes in target data (course and movement) including the enemy's opening fire with guns and/or guided missiles.

Unit consoles in the battery command posts make possible the display of various fire control systems. The operting components of the original are given consideration to the extent that operting errors are possible and their effects appear as in the original system.

There is an air surveillance radar position, a position for air and surface target warfare, an optics and weapon control position. The optics control position has a monitor with color target display as can also be encountered in the relevant original system.

Weapon employment can be realistically practiced from the weapon control position, both the use of guns and guided missiles.

The overall use of surface weapons is not conceivable in a modern combat scenario without electronic jamming measures (ECM). Thus, varous ECM were included in the program. Then the operators have the opportunity to successfully implement a firing task under these conditions with the appropriate countermeasures.

Experiences with the SUeS show the following positive results:
--The firing sections in the ocean proceed more smoothly and efficiently
--the fleet can train its boat and ship teams more intensively
--practice firing can be better prepared

--knowledge of processes can be brushed up, strengthened and expanded
--realistic combat pictures also guide the teams into border situation which can not practically be experienced onbaord.

Summary Evaluation of the Simulator/Trainer Concept

With the modern simulator concept in all specialized areas classes A and B of the MWaS have successfully taken a timely route which has already paid off. There are the following advantages for up-to-date training:

--A subjective evaluation of one's own level of training by boat or ship handling has been replaced by an objective assessment.
--The good training opportunities result in higher serviceability of the units.
--The teaching and learning content in regular training can be checked on the simulator and be adapted without delay to the requirements in combat.
--The scarce funds are used in a more cost-favorable manner because costly hours of operation at sea are saved.

Of course:
--In the simulator the soldiers do not get their sea legs. The physical and mental demands of onboard operation cannot be simulated. Training at sea under combatlike conditions can not be avoided.

International Interest

It can come as no surprise that the MWaS has become the "Mecca" of the international and national world of experts. But general public interest is also great. A look at the statistics shows this in a very impressive way. The "Survey of Other Services" for last year lists the following: 8,428 overnights (without the students); 35 meetings with 841 participants; 145 groups with 3,084 visitors. The current year shows a similar trend. A look at the guest list for this year confirms the international interest: delegations from the Netherlands, Japan, Brazil, Australia, Thailand, Norway, Ireland, Malaysia, Great Britain and the United States visited the school. In respect to the interest of the maritime commanders of NATO and friendly navies mention should be made of the visit by Admiral McDonald, supreme commander for the Atlantic (SACLANT). These visits are often at the expense of the training.

On 30 June of this year an "Open Door Day" took place on which the mission of the school was presented at 24 stations to the public. More than 8,000 visitors saw a colorful program. At the same time Passau district visited the school with a large delegation of 150 citizens in order to emphasize the partnership with the school.

If work with the public is a part of the military mission then the school can also report in this instance: "Mission accomplished."

There is one fact which in the future will also require a high degree of flexibility and adaptability of training at the MWaS.

From Humboldt to Einstein encyclopedic knowledge doubled. From Einstein to today this knowledge has multiplied 150 times. The innovative thrusts in technology show that knowledge doubles every 3 to 5 years.

Against this background of learning and personnel bottlenecks the following requirements will apply in the future:
--economic utilization of the available personnel with the help of modern technology and training procedures,
--fewer weapon systems,
--more standardization in the adopted systems,
--system-based training levels with greater exchange between onboard experts and land-based trainers.

The MWaS got its present structure through the integration of computer technology into weapon technology. The move to complex computer-assisted command and weapons systems was essential. It will have to continue in this vein in order to be able to counter the threat on land, at sea and from the air with a credible deterrent in the future, too.

The MWaS with its classes is integrated into this development.

[Interview with Capt Hans-Juergen Schaefer]

> After receiving his secondary school diploma in 1957 Capt Hans-Juergen Schaefer entered the navy. Training to be a naval officer and special training in weapons were followed by the most diverse onboard and land assignments, including fast patrol boat guard officer, onboard training officer, personnel officer, artillery officer on the frigate Luebeck, ship's weapon system officer on the destroyer Luetjens, in the command staff on the navy and as commanding officer of the destroyer Rommel. After attending the U.S. Naval War College he was commander of the 1st destroyer squadron, the standard training unit of the fleet and then deputy commander of the destroyer flotilla. Since fall 1984 Capt H.-J. Schaefer, with whom WEHRTECHNIK [wt] had the following interview, has been the commander of the MWaS.

wt: Until the beginning of the 1970's the underwater weapons school and the navy's artillery school were still two separate facilities which really had little to do with one another. Was there a special reason to combine the two schools into one weapons school?

Captain Schaefer: Now, that is not quite correct that the two schools had little to do with one antoher. Yet both did provide weapons training.

Effective 1 October 1974 the naval underwater weapons school (MUWS) as class A was joined with the naval artillery school (MArtS) as class B into the naval weapons school (MWaS) under a single school commander.

The merger made it possible to save command personnel.

But the development into weapon systems was certainly the decisive factor. Take for example the "automated combat and information system" (AGIS) of our modern fast patrol boats. Sensors and all effectors are integrated in this computer-assisted data processing system. At which school should this system have been taught according to the old organizational scheme? The development moves toward a system school. The MWaS is the beginning.

wt: Has the organization which was established at that time proven its value?

Captain Schaefer: From my vantage point the merger is a logical consequence of technical development into weapon systems. The step taken has turned out to be correct. At present we are working on a new procedures trainer for the school. There is no question that procedures must be practiced in both classes. It would not be economically defensible to establish such a procedures trainer for each class.

wt: Does the separation in terms of location--one class in Eckernfoerde, one in Kappeln and for the latter even off-base facilities in the vicinity of Olpentiz--have any noticeable disruptive effect? Does this then cause you to travel a great deal from one class to the other?

Captain Schaefer: The physical separation consists of 20 minutes by automobile. This is not a problem in the age of the automobile and telephone. Many a commander in the Bundeswehr would call himself lucky if his units were only 27km apart.

wt: The surface weapons school--since newly built--was structured according to the most up-to-date considerations. Is the underwater weapons school--class A--not perhaps lagging somewhat behind? Or was it possible for it to catch up in every respect?

Captain Schaefer: The classes are almost equally old. Moving the naval underwater weapons school from Flensburg to Eckernfoerde was completed in the period from 1964 to 1968. School operation for all underwater weapons was started in Eckernfoerde in 1968. In the same year instruction in subareas started in Kappeln. In 1970 the staff of the naval artillery school shifted from Kiel-Holtenau to Kappeln.

Class A in no way lags behing class B. Both classes have very modern facilities and simulators.

wt: In both classes you are training crew, noncommissioned officer and officer grades. Since the navy is also largely dependent on soldiers subject to obligatory military service, the first question in this regard is: Is it really worthwhile to plow relatively costly training into a draftee who will return to civilian life after a few months onboard?

Captain Schaefer: With that you are actually asking about the economics of compulsory military service. In terms of percentages the navy has the fewest draftees. After combined basic and specialized training of 3 months the draftee serves 1 year onboard. The sailor, in contrast to the two other branches, must join his unit already trained. Training at the work site is not possible because of the onboard billeting arrangements.

st: The petty officer second class and chief petty officer do what a technical master in weapon control systems and weapons does. Do you then receive at the school ratings for further training who are adequately prepared in theory and practice, or are there difficulties?

Captain Schaefer: The chief petty officers are masters whereas I would compare the petty officers second class with a journeyman. Satisfying demand is a problem of the Navy enlisted personnel office. There are personnel bottlenecks especially in the electronics assignment series. Previously the gun chief or sonar man were operator and repairman in one person. Today we train operators and maintenance personnel separately; this reduces the demand for highly training electronic technicians.

wt: Is it still the case that for example good electronic technicians or weapons systems technicians in these grades are enticed away by civilian companies and--at better pay--use the knowledge and know-how which the navy has invested in them?

Captain Schaefer: Well trained soldiers--especially electronic technicians--have good opportunities in civilian life. They are clearly also better paid there. But it is not a matter of being enticed away.

wt: Formerly the artillery or torpedo officer, who naturally also had to understand something about the technology of his system, was essentially someone who made tactical use of his weapon. Is that still the case in this form or is the technician now dominant?

Captain Schaefer: We distinguish in the areas mentioned between the officer on troop duty and the officer of the military-technical service. The company-grade officers are trained for the tactical employment of the weapon systems while the officers of the military-technical service become experienced technicians. The trend goes beyond that into preservation, replaceable units. After a "go"--"no go" test the module is replaced in the case of "no go." The weapons technician/electronic technician stays on land to an increasingly greater extent in the case of boat flotillas, or system support groups of trained technicians are brought together on the squadron's own tender.

wt: Does the weapon employment officer still have great opportunities to have an impact at all or does the programmed system and the automatic weapon relieve him of the essential tasks?

Captain Schaefer: In our time the reaction time has become extremely short. Computers, data processing systems and automatic weapons provide support, give assistance in making decisions, indeed they have become indispensable. The decisions are reserved for the officer. The essential recallable knowledge of the officer has clearly become more extensive.

wt: Even the technically sophisticated surface target torpedoes are present only on one type of fast patrol boat (S-143). Do you think this kind of torpedo in the long run will have a place on surface boats and ships?

Captain Schaefer: The same torpedo will also be fired by our submarines, and in the future it will continue to be the primary weapon on our submarines. On the other hand, with modernization which is envisaged even the class 143 fast patrol boats will have to fire these effective weapons. This decision comes as a result of other priorities, funds and not least space and weight.

wt: There was a time when the ship's gun was written off; everything concentrated only on the surface target and air target missiles. The most modern warships at home and abroad also appear increasingly more with new guns. What place do you give the onboard gun in the future?

Captain Schaefer: In the future we will not be able to do without the artillery pieces. There are tasks which can only be done with a gun; for example, the famous shot across the bow is either impossible or impractical with a missile. In times of crisis the artillery gains in importance. Land target firing can be done only with a gun; for the present the gun cannot be dispensed with for air defense.

wt: For years simulators have been the highly-praised and acknowledged help in training for weapons and weapon systems. Are classes A and B adequately equipped with simulators or are many desires still open?

Captain Schaefer: The MWaS has the most modern simulators in the navy. But simulator development must keep up with fast technical advances. That is a very costly requirement. Example: The SUeS was established in order, among other things, to practice the most varied reserve and emergency procedures in the employment of artillery. We now have weapon systems which technically no longer provide for these services and emergency procedures. Thus, the SUeS offers more than is required for training our most modern units.

The demand for new simulators goes along with the new weapon systems. Training in our simulators has had a demonstrably positive effect on the serviceability of our fleet. Beyond that, costly days at sea are saved. Thus, the simulators quickly pay for themselves; but they cannot replace cruising.

wt: High points following school training always used to be the firing sectors or other employment sectors, for example submarine chasing. Is that still the case now? The school no longer has its own vehicles, how is the question of the ships and boats necessary for exercises handled?

Captain Schaefer: An important training sector even today is practical training at sea. After the theoretical training in school come training to be a battery chief, torpedo firing sectors or antisubmarine training on units which are made available for this by the fleet. The MWaS has the Langeoog training boat which is suitable for fire training with 40-mm guns without electronic fire control systems, uses of mines, diving and underwater demolition training.

wt: What is the situation now with target displays? With shooting air targets, missile firing, torpedo firing, artillery fire?

Captain Schaefer: Target display for training sectors at sea has not changed for the MWaS. Air target shooting is implemented on an air sack which is dragged behind an airplane and has a hit scorer, and surface target shooting is done at a towed aircraft. For the requirements at school this is adequate; for in that case it is primarily a matter of practicing the procedure under onboard regulations with live ammunition.

A large area of ocean with a measured firing range is necessary for missile firing. The flight behavior of the missile must be recorded and evaluated using telemetry. Our navy uses French target ranges in the Atlantic and the Mediterranean, a U.S. firing range in the Caribbean and opportunities which the Engish offer.

Air targets are represented by means of drones--unmanner airplanes--which are appropriate to the task in question. There are drones which fly in the supersonic range and those which can also cause electronic interference. The drones are remotely controlled and can also simulate missile profiles and seaskimmers and diving guided missiles. There are those which plunge at the end of their flight time and are thus lost, and others which descend at the end of the flight time on a parachute and can be used again.

Surface target shooting with missiles at fast unmanned remote-controlled boats or at a ship or boat hulk can be implemented. Balloons or flare grenades are aids which can be used for target display.

Torpedo shooting sectors are--as usual--implemented against surface ships and submarines in which case the torpedo must underun its target. The navy is working on an underwater target device--a kind of underwater drone--. This device is to be carried on a support ship and will make the use of torpedoes against submarines more realistic.

wt: Is the small western Baltic Sea adequate for realistic weapon employment exercises, or is this shifted to more spacious ocean areas?

Captain Schaefer: That depends very much on the weapon use. Torpedo shooting and artillery fire with small calibers can be implemented fine in the Baltic Sea. The destroyers prefer the artillery firing range in the North Sea. And for missile firing the navy uses the above-mentioned foreign firing ranges.

wt: To what extent, because of its diverse experiences, does the MWaS influence employment procedures, weapons developments, programming of weapon employment systems and also design and introduction of new weapon simulators?

Captain Schaefer: Technical developments are taken care of on behalf of the navy by the naval equipment department of the General Navy Office, whereas tactical procedures are promoted by and large by the sea-tactical training detachment. For all new developments which affect our spheres of responsibility the MWaS assigns experts who cooperate on the appropriate committees. The experience of our experts is also very much in demand in industry.

wt: If we consider the scope of the weapons school, the question unconsciously arises whether you as commander still have the time to get personally involved in details, such as officer training, or do you have just time to "hover over it?"

Captain Schaefer: It is precisely officer training and also the expanded skilled training--the so-called B course--which is very dear to my heart. "Hovering" is not applicable. Of course, I would often wish for more time for training.

wt: As commander have you established key points in a certain area to which you wish to devote your special atttention or are there only tasks of equal value?

Captain Schaefer: For me commanding also means convincing; that is, I am primarily concerned with addressing the soldiers correctly, explaining our mission, imbuing courage and creating enthusiasm. Thus, one main area is: Motivation.

That is not at all simple because our young men often speak a completely different language, and first a common wavelength must be found.

This main point also includes developing the sense of community and team spirit. In our profession joint performance has clear priority over individual performance.

wt: If at the moment you were permitted to express three wishes for each of the training detachments, what would they be for class A and for class B?

Captain Schaefer: Here I would not like to distinguish between the two classes, but rather wish the same for both:

1. To our planners I direct the urgent request to give more consideration to training when introducing new weapon systems. At present we must be in a position to be able to offer 151 different courses at the MWaS. There are courses which are taken by only three students. This is not only uneconomical, but it also causes great difficulties in making suitable trainers and instructors available.

2. In the infrastructure sector I would wish for both classes a large multipurpose hall. Administering the oath with frequently more than several hundred guests or even large induction examinations miss their purpose if rain and storm distract attention. Beyond that, such a hall could also be used for training.

3. For training I need men with fresh onboard experience. There are too many trainers whose sea time was more than 10 years ago. A regular alternation between onboard and ship use is extremely important for just this training.

wt: One last question to you as the person in charge of discipline: Class B in particular was organized somewhat "Off the beaten track." Does that cause discipline problems--especially in respect to shaping free time? What is the picture in general in this regard in your sphere of responsibility?

Captain Schaefer: We deal with this situation by offering very extensive care. There are more than 10 different sport groups such as handball, soccer, volleyball, swimming, riflery, tennis, sailing, kayak, athletic sports, judo, cross-country running, and the like.

Facilities such as an indoor swimming pool, field house with power trainer, sauna with solarium, amateur workshop, library, bicycle lending, darkroom facilities, automobile hobby room are available to individuals after duty.

We have built a bowling alley and a barbecue area for socializing. The retreat facility is suitable for group and auditorium festivities.

Social events beyond the garrison sector are organized by a leisure time office, for example bus trips to Hamburg to a big soccer match, military chaplaincy, Bundeswehr social work, Bundeswehr unit, career management service and garrison administration provide help and support.

Upon beginning service the young soldiers are informed about all these facilities. But this large array of leisure time possibilities should not cause any false impression. All of it is intended for the very limited leisure time. First and foremost the student at the MWaS is supposed to learn to master his craft in order to become a full member of the onboard crew.

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ARMED FORCES CONDUCT BIGGEST EXERCISE SINCE WORLD WAR II

Twelve Thousand Participate

Helsinki UUSI SUOMI in Finnish 19 Jan 86 p 9

[Article: "12,000 Men Take Stock of Winter"]

[Text] Finland's largest military exercise in 40 years, 'Oak Tree-86', actually began yesterday on the east side of Hyvinkaa. The Defense Forces' new tank equipment, whose sturdiness has even surprised the infantry tank battalion, received its baptism by fire in the 12,000-man exercise.

The setting of the combat operations, which began yesterday, was traditional: the yellows -- who numbered 2,000 -- conducted strikes against the defense of the blues. The yellow troops penetrated the defense of the blues at noon with a two-pronged helicopter strike on the terrain of Hyvinkaa airport.

The exercise is directed by Major General Keijo Tuominen, commander of the Southern Finland Military District, and he is satisfied with the combat start made on Saturday.

"Spirits are high among the troops and duties have been accomplished conscientiously. We have operated according to the plans and the start has been without problems," says Tuominen.

The severe subzero weather has not hindered the exercise according to him. On the other hand, clear skies somewhat hindered the Air Force.

Tank Equipment Tested

On Saturday a feeling was also acquired for the Defense Forces' new tank equipment even if it was not used to full capacity in this peacetime exercise. The Russian-made T-72 tanks turned out to be so sturdy that several of the planned runs were not made so that too much forest would not be destroyed in the tracks of the 8-meter long and 3.7-meter wide tanks.

There is a total of 30 aircraft and helicopters in the exercise and they are at the disposal of the blues as well as the yellows. The primary use of the helicopters is for paratroop landings, reconnaissance, and surveillance.

Frostproof Uniforms

Troops participating in the exercise are comprised of 8,000 recruits, a little less than 3,000 reservists, and more than 1,000 regular personnel. Special attention has been given to the maintenance and supply of troops in this exercise.

The troops are serviced and supplied by 10 military vans, among other things, which move about the terrain primarily in the evening and at night.

If the expression "the Army marches on its stomach" holds true now, there are good reasons for it: 146,000 kilos of food have been allocated for a week or approximately 2 kilos a day per man.

Subzero weather has been taken into consideration in the distribution of equipment and 1,000 cubic meters of logs have been allocated for the heating of tents.

In addition to the normal equipment, recruits have been provided with felt-lined rubber boots in this exercise lasting six days and costing 4 million markkaa. Frostproof uniforms protect the drivers of motorized vehicles from the the icy winds.

Even Horses Are Needed

A couple thousand vehicles, of which a portion is rented from outside the Defense Forces, are being used in this exercise. In addition to them, there are also nine horses for use on terrain without roads.

There is a doctor for every 1,000 men in the exercise and there are also medical officers and medical corpsmen.

Foreign military attaches will also familiarize themselves with this exercise next Monday and Tuesday. They will observe the exercise on skis and will stay the night in tents together with the troops.

Many Foreign Observers

Helsinki UUSI SUOMI in Finnish 22 Jan 86 p 7

[Article by Tapani Vaananen: "Foreign Military Attaches Observed Winter Exercises, A Battle for the Backwoods"]

[Text] Now even the superpowers or at least their military attaches have seen how a battle is waged in the backwoods. The international participation in 'Oak Tree-86' occurred on Monday night form Hikia in the direction of Nyry and Maittoinen.

Twenty two military attaches from 15 countries spent the night observing the night combat operations of Finnish troops.

"All the arrangements were exemplary and the operations went well," commented the Soviet military attache, Colonel Vitali Metlenko.

The program for the military attaches was tight. All the attaches present are accredited to the Finnish Government, but, nevertheless, there was no desire to waste their time.

"On Monday night they observed the combat until 8:30 pm, after which they were offered a meal in the field mess. The guests were accommodated in tents in the middle of the forest. There was a combat demonstration in the morning immediately after breakfast," says Major Kalevi Palosaari.

Chinese Interested in Price

"The emphasis of the whole trip was on the observation of combat operations and not rest. No one present, however, complained about the shortness or the cold of the night even though there was enough frost to go around," continues Palosaari.

Arctic conditions, however, continued to occupy their minds. Military Attache Xue Dijin of the People's Republic of China inquired enthusiastically about the prices of Finnish thermal clothing and sleeping bags. Perhaps, unexpected markets are opening up for the Finnish clothing industry in that part of the world.

"Your Combat Ability in The Dark Is Good"

U.S. Military Attache Ralf Miller was especially interested in the cooperation of the Army and the Air Force under difficult terrain and weather conditions.

"However, this aspect was not demonstrated. On the other hand, the combat ability of the Finns in the dark was good. This was observed with interest," stated Miller.

Military Attache Gunther Mueller-Hellwig of the Federal Republic of Germany was amazed by the capabilities of the Finnish infantry.

"Phenomenal Skiers"

"The protective and coping abilities of the Finns under these conditions are phenomenal. The skill with which young soldiers handle skis is especially astounding. It appears that you have resolved the problems of combat under these conditions," thinks Mueller-Hellwig.

The structure of the exercise was interesting and effective in the opinion of all the attaches. The idea of Oak Tree -86 is an attack of the motorized yellow troops of a superpower against the still somewhat disorganized troops of the blues, as though against Finland's troops.

The Soviet military attache, Colonel Metlenko, assessed the arrangements of the exercise diplomatically.

"Indeed, as you know, there are two sides in every military exercise."

"Faces Covered with Frozen Mist"

The soldiers participating in the combat demonstration remained rather unimpressed by their prestigious guests. A group of three MTLP-tanks participated in the morning demonstration in the area of Nyry. The cold weather did not slow down the men.

"These tanks will function regardless of how cold the weather may be. The drivers or observers have it the worst. The must observe the situation with their head outside of the tank," says tank Lieutenant Pekka Toveri.

"Indeed, this is a matter of running around with one's face covered with frozen mist, but today, Tuesday, has been easier. There is no frost now since the temperature is a full 10 degrees," says Sergeant-Major Jarmo Haapamaki.

Ten Men Frostbitten

The men of the tank group are comprised of regular personnel and also students from the non-commissioned officers' school.

Oak Tree -86 has, indeed, provided good conditions for testing the degree to which equipment and the organization can withstand subzero weather. It is amazing that everything went relatively well. Only 10 men were frostbitten even though nearly 13,000 men participated in the exercise.

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CSO: 3617/70

STRAY RESPONDS TO CRITICS OF SHIP VISIT, NATO NUCLEAR POLICIES

Oslo Labor Party Debate

Oslo AFTENPOSTEN in Norwegian 15 Feb 86 p 8

[Article by Morten Malmø: "Labor Party Dispute Regarding Fleet Visits and Nuclear Weapons"]

[Text] "We must assure ourselves of the fact that foreign vessels which visit Norwegian ports do not have nuclear weapons on board. But I will not take a position now on in which form this is to take place," the leader of the Oslo Labor Party, Bjørn Tore Godal, emphasizes to AFTENPOSTEN. The AUF [Labor Party Youth Organization] in Oslo wants allied warships which visit Norway to make a declaration to the effect that the ship is not carrying nuclear weapons.

The way is clear for a dispute regarding this when the Oslo Labor Party holds its annual meeting in two weeks. The Oslo AUF, the Women's Committee of the Oslo Labor Party and the Metal Industry's Party Group have all sent in motions that the annual meeting should adopt the demand for such a written declaration.

The leader of the Oslo party, Bjørn Tore Godal, recalls the so-called "Bratteli Doctrine," which is to the effect that the authorities assume that allied warships are not bringing nuclear weapons with them to Norwegian ports. This worked from 1975 to 1985. He thinks that the Willoch government drew away from this view when the American battleship "Iowa" visited Norway last year.

AUF Persistently Working

The Labor Party Youth Organization is one of the strongest persistent workers for getting the party leadership to make the "Bratteli Doctrine" stricter and clearer. The leader of the Labor Party Youth Organization in Oslo, Turid Birkeland, says to AFTENPOSTEN:

"It is the 'Iowa' visit which got the Oslo AUF to take up this issue. The fact that at that time it was not possible to obtain a declaration to the effect that the ship was not carrying nuclear weapons results in the need for defining the 'Bratteli Doctrine.' For this reason we have chosen to take the issue up at the annual meeting of the Oslo Labor Party, and I am counting on this question's coming up at the Labor Party's national congress in 1987."

Will Insist Strongly

[Question] Can the Oslo Labor Party manage to reach an internal compromise in this issue?

[Answer] "The AUF in Oslo will strongly insist on its resolution, and I am counting on great support for our view, because the labor movement and women's movement have about the same opinion. Whether the discussion of the issue at the annual meeting could produce a compromise it is difficult to say now," Turid Birkeland emphasizes.

Socialist Left Leader's Attack

Oslo AFTENPOSTEN in Norwegian 18 Feb 86 p 3

[Article by Thorleif Andreassen: "Koritzinsky: Agreements with USA a Threat"]

[Text] "Reinforcement agreements with the USA do not serve Norwegian security. On the contrary. For the Socialist Left Party, Norway has become a more dangerous country to live in because we are integrated into NATO's advanced nuclear strategy, which opens the door to first use of these weapons." The Socialist Left Party's leader, Storting Representative Theo Koritzinsky, says this to AFTENPOSTEN.

He cautions strongly against the American presence in the north and has taken vigorously to retorting to AFTENPOSTEN, which in its editorial column wrote that the Socialist Left Party will not be satisfied before we lie on our backs and fawn for the Russians.

"Such claims are misleading and biased and pollute this serious debate. We fear that the increased American presence in the Norwegian Sea is a new strategy which can shatter the low tension policy in the northern territory. This summer AFTENPOSTEN itself wrote in its commentary column that NATO is trying out a 'new strategy' in the north," Koritzinsky says.

[Question] If it is detrimental out of regard for the low tension policy that allied, especially American, military forces operate this far north, should, then, the Norwegian navy and the Norwegian air force not be strengthened in order, in a given situation, to be able to utilize reinforcement convoys along the coast--and to protect those ports and airfields in North Norway where it has been planned to receive help from outside?

[Answer] "No, we do not see any automatic connection between the Soviet strength buildup on the Kola Peninsula and at Murmansk and any desire on the Soviets' part to occupy Norway. We also want a defense system, but a clearly defensive defense system."

[Question] This is what we have, then?

[Answer] "No, it must be detached from NATO's advanced nuclear strategy--a defense system freed from reinforcement agreements with the USA. It is agreements that the Socialist Left Party believes make Norwegian territory more vulnerable in a crisis or war situation."

[Question] What do you think is the Soviet leaders' objective with their heavy naval stakes in the north?

[Answer] "It was begun in the middle of the 1970's and was an attempt on the Soviets' part to balance what the Soviet Union believed was American strategic superiority. The Russians' logic here is the same that provides grounds for the buildup in the West. It is this logic which the Socialist Left Party is attacking, because it leads to an increased buildup and increased tension."

[Question] What do you put into the low tension policy? Is it to fall back in order to avoid confrontations as the Soviet Union's northern fleet increases its strength and capacity to advance deeper down along the Norwegian coast? Or is it to attempt to maintain a certain military balance with increased allied naval presence in the same waters?

[Answer] "Generally speaking, the balance exists. There are always individual geographical areas and individual types of weapons in which there is a certain imbalance. With about 50,000 nuclear warheads in the Soviet Union and USA and with enormous overkill capacity, the main challenge today is not to build up over the buildup level which already exists."

Stray: USSR Real Problem

Oslo AFTENPOSTEN in Norwegian 20 Feb 86 p 2

[Editorial: "Warning from Stray"]

[Text] The problem in our ocean areas is not whether we should demand a declaration from naval vessels which call on Norwegian ports, to the effect that they are not carrying nuclear weapons. The serious thing for Norway and the Western alliance is that the Soviet northern fleet has gained a steadily stronger foothold off our coasts.

This should be a truism for anyone who has followed the development through the 1970's and up to the present. Nevertheless, some of the defense and security policy debate has become so remote from reality that Foreign Affairs Minister Svenn Stray in an address recently had to caution against the growing distrust regarding what could be hidden behind allied port calls in Norway.

The foreign affairs minister's caution is extremely timely. There is no reasonable basis to sow doubts regarding Norway's traditional nuclear weapons policy and what we assume in the fleet visits of allies and others. Our policy in this area is respected, as part of Scandinavian low tension, and it can only be a lack of controversial issues which makes the organization No to Nuclear Weapons, together with the left wing in Norwegian politics, loudly demand /guarantees/ [in italics] against "nuclear calls."

We do not want to take away from the activists everything which makes their lives worth living. It will also not have an effect on our central authorities' policy that individual coastal municipalities and county groups of the Labor Party practically demand the inspection of ships by the port authority. But we agree with the foreign affairs minister that a change in the practice which has been followed up to now will create a stir, both in relations with our neighboring countries and in relations with our allies. It would also--as Stray points out--be more difficult, or impossible, to maintain dealings with and to conduct exercises together with allied naval forces.

There is reason to suspect Socialist Left Party Leader Theo Koritzinsky of having understood this last point, when he in an interview with us recently declares his dissatisfaction with the fact that allied naval forces are exercising off Troms and that we have reinforcement agreements with the USA. He is also offended because we called this wanting to lying on one's back and fawn for the Russians. Nevertheless, we have to uphold the characterization. There is no other "new advanced strategy" in the Norwegian Sea than that which for a long time has consisted in the fact that the Russians have been moving their impressive navy constantly farther westward and southward. Koritzinsky, the other left-wing forces, and No to Nuclear Weapons tacitly accept this.

However, neither responsible Norway nor the Western alliance can sit passively and let the Soviet Union get to dominate our ocean areas and communication lines over the Atlantic. For this reason the demand for a "nuclear weapons guarantee" in calls of ships is only to run away from the serious problems which confront us in the north and which should occupy to a greater extent anyone who has in mind the security of the West and the balance between East and West.

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CSO: 3639/79

DEFENSE CHIEF: NORDIC COUNTRIES UNILATERALLY YIELD TO USSR

Oslo AFTENPOSTEN in Norwegian 7 Feb 86 p 9

[Article by Olaf Trygge Storvik: "Defense Chief: Norway at Strategic Focus"]

[Text] "Norway is at the crossing point of a number of strategic interests between East and West and for this reason will be a confrontation area."

"From an early point in time the country, in any conflict, will be drawn in as an area for advanced defense of Mother Russia," Armed Forces Chief Fredrik Bull-Hansen said at the Atlantic Ocean Committee's seminar on Thursday.

Bull-Hansen thought that the Soviet Union had drawn three major conclusions from the experiences of the Second World War: Military actions must no longer be permitted to involve Soviet soil. The battle must be shifted as quickly as possible, or preferably beforehand, to the adversary's territory. For this reason, Soviet forces have established "buffers" against the enemy both in the south and west in order to protect the fatherland.

Norwegian Sea

He also believed that some parts of the Soviet navy have established such a "buffer" in the Norwegian Sea, although some naval experts think that this is an expression which cannot be used regarding the state of affairs at sea. Nevertheless, the term can be used, because the land power of Russia has traditionally thought like this in a strategic context, he thought. Next, Moscow decided to build up a nuclear military force. This force was to be put into a position to both be able to fight and win a possible nuclear war if such a situation were to arise.

Thirdly, it is the Soviet Union's both expressed and clearly demonstrated goal in war and peace to able to follow up these interests over the whole globe if this should become necessary. For this reason, after the Second World War steps were taken to carry out Czar Peter the Great's eager ambitions of breaking out of the situation of being a land power.

For this reason, both defensive ard offensive naval forces have been built up. These have been especially localized on the Kola Peninsula, where the largest concentration of naval forces on the entire globe is found today, according to the armed forces chief. The Soviet Union does not have many possibilities for exits to the oceans, and two of the best are located on each side of Norway. One goes from the Baltic, where the Soviet Union has established most of its shipbuilding industry, while the other goes from the Kola Peninsula.

Norway at Focus

This fact puts Norwegian territory at the center of the focus of many strategic interests and confronts the country with formidable defense problems for which there are few parallels anywhere else in the world. The Norwegian position is totally unique, and Bull-Hansen emphasized this as a quite central basis for why Norway must stake relatively more than other countries on maintaining a strong defense. He referred here to the proposal he recently presented regarding a modernized and adequate defense system within NATO up to the turn of the century. He pointed out also that it would be a great advantage to the Soviet Union if Norway gradually moved in the direction of neutrality or acted in reserved fashion toward important aspects of the NATO alliance. "This is no speculation on my part, but has been said right out by Moscow itself," he said. Up to now the Scandinavian countries have gone very far in imposing unilateral reductions on themselves.

"But it is in my opinion doubtful that further unilateral measures will affect the Soviet leadership and reduce the military capacity which has been built up at high cost," he said. With clear reference to possible political plans of working for so-called nuclear-free zones, he thought that it is considerably more important to concern oneself with where nuclear weapons can strike than where they are deployed in peace time. Here one is confronted with important verification problems.

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MILITARY NORWAY

INTERPELLATION ON DEFENSE REFLECTS SOCIALIST LEFT'S WEAKNESS

Oslo AFTENPOSTEN in Norwegian 8 Feb 86 p 2

[Editorial: "High Tension in Socialist Left Party"]

[Text] The Socialist Left Party's leader, Theo Koritzinsky, has delivered an interpellation to the defense minister in which he expresses concern on behalf of the traditional low tension in the north. It is an alleged "new American strategy" which is the Socialist Left leader's pretext for attempting to create security policy unrest in a new area.

The Socialist Left Party launched this claim without special success or benefit in the election campaign last year. It was distinctly repudiated by both military and political authorities here at home. Neither the USA nor Norway, for that matter, not the defensive Western defense alliance as a whole, threatens low tension in the north. On the other hand, there is high tension in the Socialist Left Party, for want of the foreign and security policy "tidbits" which the party has always built its existence on.

In the Defense Ministry they are looking forward with anticipation to a renewed duel with the Socialist Leftists over the topic. This will provide still another opportunity to demonstrate for Norwegian public opinion how necessary it is to have strong non-provoking preparedness in our own ocean territories. And not only this: It will also be demonstrated how preposterous and dangerous it is to create the impression that the Soviet Union has an implied political sanction to conduct large-scale naval exercises off our coast while we ourselves and our NATO partners are "threatening low tension" when we conduct maneuvers off Troms.

The last point is a totally decisive one in our defense and security policy and provides the defense minister with all good cards in his hand when he replies to Koritzinsky's interpellation. The Socialist Left Party's loud "concern" contributes only, if it succeeds, to legitimizing Soviet dominance in the Norwegian Sea, to strengthening the Soviet impression of a "mare nostrum" and thereby increasing the political pressure on Norway, which is part of the philosophy behind the "sea power of the State" on the Soviets' part.

Koritzinsky refers to "concern in the Storting" over the alleged new American strategy, which is neither new nor American. It is a question of nothing more than a "concern" which the Socialist Left Party, and this party alone, has spoken in behalf of, and this kind of circular reasoning must amuse even the gentlemen in the Kremlin. And PRAVDA will certainly not wait long to joyfully throw itself onto a "concern in the Storting," which NY TID and FRIHETEN can in turn cover. The perpetuum mobile [perpetual motion] is under way.

The interpellation is a revealing testimony to the Socialist Left Party's poverty of political issues in a time of Geneva talks and a moderate international temperature. This high tension in the Socialist Left Party over our low tension in the north shows also that the Socialist Leftists will never be satisfied before Norwegian defense and security policy consists in lying on our backs and fawning. That the repeated move has been given the form of an interpellation is to tempt the Labor Party's left wing to take part, but the Socialist Left Party should remain standing alone in this irresponsible exercise.

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AIR FORCE AWARDS 'CRISIS BONUS' TO PILOTS FOR LONG CONTRACTS

Oslo AFTENPOSTEN in Norwegian 5 Feb 86 p 32

[Article by Liv Hegna: "'Crisis Bonus' for Selected Pilots"]

[Text] On Tuesday, Air Force Inspector General, Major General Olav Aamoth sent contracts for a bonus in the order of a million kroner to 50 pilots. The condition is that they stay on in the military. "We have given precedence to those who have the higher military school training to preserve the leadership level in the Air Force", Aamoth told AFTENPOSTEN. He describes the pilot-crisis measures as a "putting out fires."

"We have to get an increase in government pay proportionate to the civilian labor market in general", he said.

In all, 117 pilots applied for a bonus contract for continued service in the military. The Ministry of Defense left it up to the Air Force Staff to pick out the lucky ones. The military leadership was not happy with this, as they had already made it clear that all pilots who qualified ought to receive the benefit of the bonus arrangements. At the order of the Ministry, the staff nevertheless drew up a ranking list of around 100 men, and has now sent offers of a contract to 50 of these. Major General Olav Aamoth emphasized to AFTENPOSTEN that he is particularly dissatisfied with the quota of 20 men to be taken into consideration even though they are more than 35 years old. "This has led to our not being able to offer such bonus contracts to everyone that the Air Force Staff wants," says Aamoth. He stresses that the Air Force Staff will work to extend the bonus arrangements in 1987. Also, the political leadership of the Ministry of Defense has given signals that an extension of the bonus arrangement for 1986 is not out of the question.

Major General Olav Aamoth thinks besides that it is unfortunate that the bonus arrangement introduces differences in the treatment of pilots serving in the same squadron. Nevertheless, Aamoth describes the bonus arrangement as something that gradually has come to appear to be "the least unfortunate of many bad solutions".

Major General Olav Aamoth anticipates receiving the signed contracts back from the pilots within the next few days.

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MILITARY

NORWAY

BRIEFS

MILITARY INTELLIGENCE FACILITIES CONCENTRATED--The defense will build a new building on the West side of Fossum Bruk and has taken over a wooded lot of about 10 acres, we read in Lovenskiold's NORDMARKSPOSTEN. The building will combine all departments of the intelligence service under one roof. Together with the defense, Lovenskiold Vaekero has laid roads and installed water and sewer lines, for which the community will assume responsibility. [Text] [Oslo ARBEIDERBLADET in Norwegian 8 Jan 86 p 8] 12831

CSO: 3639/65

REDUCED MILITARY SERVICE SEEN ECONOMICALLY UNFAVORABLE

Lisbon O JORNAL in Portuguese 17-23 Jan 86 p 19

[Text] Given that the mere announcement of such a measure will have an impact on young people and in view of the high costs of implementation, political and military quarters indicate that the Cavaco Silva government's haste in drawing up a bill to reduce the length of compulsory military service is an electoral ploy.

During its meeting yesterday, Thursday, the council of ministers decided to send a draft bill to the Assembly of the Republic which would reduce the length of compulsory military service. According to what Minister of State Fernando Nogueira said to the press, the government's proposal would put the length of compulsory military service at 12 to 15 months for the Army and from 18 to 20 months for the Navy and Air Force.

O JORNAL learned that, 1 week ago, the Ministry of Defense asked the Armed Forces General Staff to study the possibilities and the consequences of reducing the length of compulsory military service given two alternatives: 12 or 15 months. A group which has since been working at full speed was formed to complete this study.

In any event, it is known that the conclusions already reached indicate that a reduction in the length of compulsory military service, such as the government proposes, would cause a substantial increase in expenditures as well as problems requiring structural changes that would be difficult to realize in the short term. According to an expert on military affairs, a reduction in the length of compulsory military service would leave the minimum number of trained personnel unchanged (more than 31,000 soldiers, approximately 2,120 sergeants and almost 1,250 officers). It would also not affect the number of enlistments and the length of the respective training courses.

It should be recalled, in this regard, that the level of Armed Forces personnel does not only depend on the government but also on NATO commitments. The total number of personnel, as was mentioned, is now somewhat more than 31,000 soldiers. This figure should be about 39,000, were it not for the budget cuts that have been made.

There Are No Facilities

A source at the Army General Staff quoted yesterday by the ANOP [Portuguese News Agency] said that the reduction in the length of compulsory military service "can be translated into increased costs in soldiers' training." The news agency adds that the reasons cited for the increase in costs are: a larger number of soldiers will be trained, more instructors, equipment and the infrastructure necessary to complete the current length of military service will be required. "Today, when we speak of reducing the length of compulsory military service, we think of the cost of training each individual," added the same Army General Staff source. "The less time a soldier is in the ranks the more men will have to be inducted into the Armed Forces to compensate for the number of individuals needed."

According to what O JORNAL learned, in the event of a reduction to 12 months, the number of soldiers would increase to about 47,000 (13,000 more than now). One of the problems that presents itself immediately is that of insufficient facilities to accommodate such an increase in personnel. It would not do to simply make changes in the present facilities. Such changes would only cause conditions--which in many facilities are far from being good--to deteriorate. It should be noted that experiments conducted in barracks which introduced a third bunk, instead of the usual two, were very negative.

In addition, there is the problem of uniforms. Their costs would also be very high. Last but not least, there is the increase in training expenditures with the possibility that more instructors would have to be taken on.

According to military sources, armaments is the only area where there would be no problem. There are enough. However, it should be noted that shooting practice is expensive and the more men we have in active duty the greater the cost will be.

The law governing compulsory military service dates from 11 July 1968. It was ratified when the colonial war was at its peak. The 24-month tour of duty was designed to respond to the needs of that situation. Since the law gives the chiefs of staff the right to shorten the length of military service, they have been using this power for years now. In the Army, for example, the length of service for enlisted men is 16 months. According to the same Army General Staff source quoted by ANOP, there are even some areas where it would be "better" to prolong the length of military service because they require a certain amount of experience and continuity. This is the case, for example, in the Armed Forces' newest services or those sectors where new technologies, such as in data processing, communications, armaments, etc., were introduced.

With 4 months, Switzerland has the shortest length of compulsory military service. As for the armies of NATO countries that may serve as a basis of comparison with Portugal, it should be noted that the Federal Republic of Germany has 18 months, Belgium 10 months, Denmark 9 months, and France, Italy and Norway has 12 months. Holland's compulsory military service is for 14 to 16 months, Turkey 20 months and Greece 22 months.

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CSO: 3542/62

ECONOMIC BOOM CALLED RESULT OF EXPORTS, NOT COALITION POLICY

Hamburg DIE ZEIT in German 7 Feb 86 p 18

[Article by Wolfgang Gehrmann: "But It Isn't Chancellor Kohl's Doing"/ Growth Without Inflation and an Unheard-of Export Boom: Bonn's Economic Policy Claims Credit]

[Text] If results are the only criteria, then the chancellor has kept his word. When in October 1982 the new chief of state, Helmut Kohl, drew up the beginning economic policy balance sheet, the FRG was going through the deepest crisis of post-war years: no growth, many firms going bankrupt, high public debt and oppressive welfare charges, more than 2 million unemployed, and entrepreneurs without faith in the future. Three years after the chancellor promised a "new economic and social policy" as a remedy, the economy today is actually in new bloom.

The annual economic report predicts a 3 percent growth rate for 1986--and that is pessimistic. At the same time, prices remain stable--at 1.5 percent the inflation rate is the lowest in 10 years. The German export industry is so successful on the world markets that the balance of trade surplus for 1985 amounted to the record sum of DM 73 billion. Government indebtedness is being cut back faster than even Finance Minister Gerhard Stoltenberg, an advocate of solidity, had thought possible.

No wonder that the Bonn government is praising its own economic policy expertise. True, there is still unease about the great number of unemployed, 2.6 million. But the Kohl cabinet does not seriously have to fear the opposition's accusation that Economics Minister Martin Bangemann is glossing over the major economic problem and palliating the situation. Evidently, by getting used to long-lasting high unemployment, public expectation is rapidly dwindling that the Federal Government has the appropriate means to lastingly control employment.

At any rate, the political prejudice that Christian Democrats are better economists is greatly nurtured at this time. Even as detached an observer as the Bonn correspondent of the FINANCIAL TIMES today considers Helmut Kohl invincible in the Bundestag elections a year from now.

But the great appearance of a successful economic chancellor Kohl is deceptive, and the supposed economic competence of the Christian-Liberal coalition hardly bears up under closer scrutiny. Neither the regained growth nor the stable value of money are Kohl's doing. The upswing and consolidation have been bought with great risks. The "new economic policy" hasn't taken place at all. It was a promise not kept by Kohl and Bangemann.

The latest upswing is a present from abroad. The good business deals,which brought German industry a boom with super profits and led to a buying spree at the stock exchanges, were made in exports. More than the good name of "Made in Germany", the success of German exporters during the past 3 years was also occasioned by the fact that the most important competitors in the world market were put out of action. Because the exchange rate of the U.S. dollar was so high, merchandise from U.S. factories became more expensive. German competition of U.S. industry, becoming relatively cheaper, had an easy time of it worldwide.

The enormous German foreign trade surplus may be pleasing to national pride, but it also has its pitfalls. Because now it is not only the Japanese who appear as unloved trade chauvinists. Successful German exporters also worry their trade partners.

On the one hand, this increases the inclination of foreign governments to brake the stream of German imports through trade obstacles. On the other hand, they apply greater pressure on the Federal Government to promote domestic demand in order to get the balance of trade into equilibrium.

Not least of all, in order to counter such pressures, in its annual economic report the Bonn government nurtures the hope that German consumers would go on a big buying spree in the coming months. But such a hope is vague. The latest tax reduction gave only minimal amounts to low wage earners who, through increased income, are most likely to be stimulated to spend money. And the hope that the trade unions would manage to get fat wage increases in the upcoming negotiations, is at least not shared by the economics minister: he recommended that, at most, they demand wage increases of no more than 4.5 percent.

In view of the fierce dispute between the Federal Government and the labor unions about strengthening the right to strike, the situation is interesting: up to now, wage earners' organizations have been Helmut Kohl's most effective economic policy helpers. For only because past wage negotiations gave only meager additional income to wage earners, wage costs of the companies stayed low, and morale at the managing board level high. This also accounts for the moderate increase in prices. The stable value of the currency, which Helmut Kohl likes to have celebrated as his great merit, in reality was made possible by wage earners giving up wage increases.

The second stabilization success, for which the Bonn government and Finance Minister Gerhard Stoltenberg like to take credit, must also be shared with others: public debts are rising so moderately only because the Bundesbank feeds the Bonn budget year after year with high profits from exchanges rates and interest, an estimated DM 12 billion last year.

Without this amount, new public indebtedness would have been DM 34 billion instead of DM 22 bilion.

Although it may not be an original political concept--budget consolidation is still the most characteristic trait of Bonn economic policy under the leadership of Helmut Kohl and Martin Bangemann. For the fact is that nothing has remained of all the other economic ideas which Helmut Kohl used in 1982 to create the impression that it would be worthwhile to elect him.

We won't even mention the idea, splendid at the time, of giving industry a gigantic surge in incoming orders--through building nuclear power plants, laying cables all over the country, and establishing a network of private television stations. So far, the right demand was not found for any of it.

But not even the modest attempt to permit stores to stay open later has succeeded. It would have been a part of that freeing from control and bureaucratization which the "new economic policy" had promised.

"Away from crusty structures toward more flexibility, self-initiative and increased competitiveness"--this is what Helmut Kohl had promised in his government policy statement in March 1983. But none of it has come true; at least nothing that was due to the government.

Subsidies continue to grow like weeds. In the insane system of European agriculture, Bonn's representatives prevent even modest attempts at improvement. The plans for privatizing government enterprises are yellowing in Bonn desk drawers. Instead of stagnating, social security taxes continue to rise.

Yet the impression that Helmut Kohl is a successful economic chancellor will only disappear when the windfall profits of the export boom and moderate wage increases have been used up. Probably, the chancellor will then announce a "new economic policy."

9917
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ECONOMIC FEDERAL REPUBLIC OF GERMANY

MAYOR SEES BERLIN BECOMING CITY OF INVESTMENT, NOT SUBSIDY

Duesseldorf HANDELSBLATT in German 31 Dec 85 p 6

[Article by Mayor Eberhard Diepgen: "More and More Entrepreneurs Use the Opportunities and Advantages of Berlin"/Return to One's Own Strength Bears Fruit]

[Text] The continuing development of Berlin from a city of subsidies to a city of investments and, therefore, a city of labor market opportunities gives rise to a look beyond the narrow confines of daily events and to thinking about securing and continuing this economic upswing in the long term.

The three major supports of Berlin's successful economic policy are quickly outlined:
--Industrial policy banks on expansion of the high-tech area, increased cooperation between industry and science, and preservation of what has been achieved. This latter point is especially important for small and medium-size enterprises which contribute significantly to the economic upswing and to the creation and securing of jobs through their productive capacity and innovative strength.
--The "qualification offensive" will turn many unemployed and untrained Berliners into skilled personnel. An analysis of the structure of unemployment makes it clear that 60 percent of the unemployed are without skills.
--The service sector is continually increasing in importance, both in the production and trade sector as well as in the medical and social field.

On the one side, there are the general conditions established by the state in these three areas. But if these investments are to bear fruit in concrete economic figures, then the other side, that of entrepreneurial trade, is an absolute part of it.

The Share of Federal Aid in the Budget is Falling

Berlin is in the fortunate position that more and more entrepreneurs recognize the advantages offered by the city and take the opportunities: in Berlin, there are more layings of cornerstones, factory inaugurations, stock issues, and new firms moving to the city than since many, many years ago.

To be sure, just as other regions require assistance for different reasons, the city needs the calculable and constant aid of the Federal Government to compensate for its special situation which leads, among other things, to our not participating in the Laender fiscal adjustment and having structurally-induced low tax revenues. What is new is that the share of federal aid in the budget has been dropping slightly and continually for the last 4 years. At the same time, the proportion of tax revenues in the budget has been rising.

The data on Berlin's over-all economic development prove that this return to one's own strength, this reinforcement of entrepreneurial investments through a creative economic policy bears fruit. Berlin's economic development stands under a positive sign, from the development of employment figures to the gross domestic product, and to orders received:

--At the end of June 1985, there were about 20,000 more jobs in Berlin than 2 years earlier. In manufacturing industry, the number of jobs has been growing month by month since October 1984. At the end of October 1985 there were 5,900 more than a year ago, which means an increase of 3.7 percent. This was the largest personnel increase in Berlin industry as compared to the previous year during the last 15 years. The percentile development was higher than in the FRG--incidentally, for the first time since summer of 1961, just before the building of the Wall.

--The gross domestic product during the first half of 1985 was 2.2 percent higher than in the first half of 1984. This positive development continued the trend of the two previous years: in 1984, the gross domestic product in real terms was 2.8 percent higher than in 1983, which in turn was 1.9 percent higher than in 1982.

--Orders received in the manufacturing industry also shows a constant positive development: during the first 9 months of 1985 there was an increase of 8.9 percent compared to the same period of the previous year. 1984 ended with a plus of 8.1 percent compared to 1983, which in turn was 5.3 percent higher than in 1982.

Increased demand, continuing so far during the course of this year, is mainly due to lively order activity from abroad. At its center stands the extremely active demand for capital goods.

--Equipment investments in Berlin reflect the growing confidence of foreign and domestic industry in the Berlin location. Investments rose by 6.9 percent during the first half of 1985, based on the already high level of 1984 which showed an investment growth of 7.9 percent compared to 1983. In 1983, it was already 9.8 percent above the level of the previous year.

In 1984, the Berlin manufacturing industry for the first time broke through the investment "sound barrier" of DM 2 billion.

What lies behind the fact that Berlin can report positive news in a period of intensified international competition for industrial relocations, share issues and research orders? In my opinion, the answer lies in the great variety which only a metropolis has to offer.

An enterprise engaged in research and development operates best where universities, institutes and scientists are clustered in a small area. A scientist wanting to do sophisticated work usually wants to live also where a wide variety of cultural and recreational life is available. And an enterprise wanting to manufacture new and pioneering products settles where there are many flexible subcontracting companies and an adaptable, hard-working labor force.

Berliners Have Reason to Be Confident

In short: A metropolis like Berlin, which does everything possible to promote creativity and flexibility and to strengthen existing advantages of location, creates a climate conducive to investor confidence.

Our motto is: modernization, dynamic enterprises, risk, ideas. Of course, this economic aspect would be null and void without a stable political development--and vice versa.

In the March elections, Berliners decided in favor of a continued stable development in domestic policies. And external security continues to be guaranteed through the presence of our Allied protective powers in our city and our close ties to the FRG.

On the threshold to the new year, we Berliners have more than ever reason to be confident. Now it is a matter of even more dynamism from the ranks of trade and industry, the work force and science. The dynamism of today may pay good dividends tomorrow. We need dynamism and dividends in a figurative sense, also--not only in the economy--, since great tasks lie ahead of us:

In 1986 we commemorate the 200th anniversary of the death of Frederick II., a prelude to the 750-year celebration in all of Berlin. A year later, Berlin will be the center of attention as the European "culture capital," and as host to the World Bank meeting.

Political stability, economic outlook and intellectual creativity need each other in Berlin and elsewhere.

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LENFINTORG REPRESENTATIVE: NUCLEAR UNIT BUY WOULD HELP TRADE

Helsinki HELSINGIN SANOMAT in Finnish 10 Feb 86 p 27

[Article: "V. M. Novolotskiy, Lenfintorg: 'Nuclear Power Plant from USSR A Solution to Deficit'"]

[Text] Raahe--The procurement of a new nuclear power plant from the Soviet Union would with one fell swoop resolve the trade deficit, which threatens to increase as oil price drop, said Chief Representative V. M. Novolotskiy of Lenfintorg at the Soviet Border Trade Seminar in Raahe:

"It would be a coup if we were able to accomplish this within the framework of border trade. Naturally, it is regrettable that trade between our countries is so dependent on one type of commodity," says Novolotskiy.

The share of oil and oil products is 69.7 percent of imports as recorded in the commodity exchange schedule for the years 1986--90. Last year the share of border trade was only 1.5 percent of estimated total trade.

"In the future we must also find new products and product groups since it is difficult to develop trade with traditional goods," says Novolotskiy.

According to Novolotskiy, the only exception is the importing of electricity to Lapland. The municipality of Inari is purchasing 50 million kilowatt hours of electricity from the Soviet Union every year. Correspondingly, the Reima Company exports clothing to the Soviet Union from its factory in Ivalo.

"Approximately 50 new jobs have been created in Inari because of border trade. We have Lenfintorg to thank for this," says Vice-Chairman Voitto Tervahauta of the Inari Municipal Council.

The goal of the the border trade company Norinter, owned by Northern Finland's municipalities and firms, is to get the municipalities and leagues to purchase products from the Soviet Union.

"Imports of hospital and school needs could raise border trade to millions of markkaa," says Managing Director Seppo Ilander of Norinter.

Last year Norinter's exports to the Soviet Union was 2.7 million markka, but in the opinion of Ilander it should be 27 million markkaa.

"Northern Finland's share of border trade last year was only 1 percent while, on the other hand, 7.6 percent of our country's industry is located in Northern Finland," notes Ilander.

The large border trade companies of Kaukomarkkinat, Tomesto, Fexim, and Sureva in the south dominate nearly 90 percent of the border trade. They have been involved in border trade almost since the inception of Lenfintorg in 1958.

"The penetration of a new border trade company into this market is difficult since the border trade companies in the south have obtained the import rights to the most important products such as lumber, fodder, and fish," says Ilander.

An increased share for Norinter and Northern Finland's firms was demanded in several speeches at the Border Trade Seminar.

However, Chief Representative Novolotskiy of Lenfintorg threw cold water on this idea: "It makes no difference where a firm is located as long as the product meets quality requirements," notes Novolotskiy.

Ahti Pekkala: Oil To Become Cheaper by One-Fourth

Immediate measures are needed in order to obtain new compensatory import products from the USSR. The better the success in this matter, the smaller the need for reducing Finland's exports to the USSR in order to balance trade between the two countries, says Governor Ahti Pekkala.

Pekkala spoke at the Finnish and Soviet trade seminar in Raahe. He considered it possible that the overall reduction in the world market price of crude oil will be approximately one-fourth in comparison with last year's level.

The proportion of oil and other energy products in Finland's imports from the the USSR is more than four-fifths. If the above-mentioned reduction of world market prices prevails throughout the rest of the year, it would mean a reduction by approximately one-fifth of the value of Finland's imports recorded in the current year's commodity exchange schedule.

The USSR has proposed the joint development of mining operations on the Kola Peninsula on the basis of compensation. Another possibility that has been mentioned is the importing to Finland of electricity produced there, which would presuppose the construction of a new high voltage transmission line between the electric networks of the two countries.

In Pekkala's opinion, this venture could be worthwhile from Northern Finland's point of view since an increase in the supply of electricity could also result in increased industrial development.

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ECONOMIC

ITALY

CAPRIA ESTIMATES BUSINESS WITH LIBYA AT TWO TRILLION LIRE

Foreign Trade Ministry Statistics

Rome LA REPUBBLICA in Italian 9 Jan 86, p 6

[Article by Enrico Morelli: "Italy Is Engaged in Business Amounting to Two Trillion"]

[Text] The Italian-Libyan joint commission, which was scheduled to meet in February of this year to determine the status of business between the two countries, will probably postpone its meeting. This is the most recent effect that the growing political tension between Rome and Tripoli has had on Italian-Libyan trade. A person who works closely with the Minister of Foreign Trade, Nicola Capria, says that "business representing 2 trillion lire is involved and there is the danger that it will fall through."

This pie is made up of a 450-billion order involving Snamprogetti (ENI group) for building a fertilizer plant on the Gulf of Sidra, 1.2 trillion in construction work for which around 40 contractors are negotiating (from Lodigiani to Salini Builders, from Belleli to Micoperi), and the balance by a number of contracts filled by small and medium-sized businesses.

Libya is no longer an Eldorado for Italian firms as it was 4 years ago, when sales reached 5 trillion lire (as compared to 5.5 trillion in the United States), but it still is an important market. As the radicals revealed yesterday, Italy has also exported large amounts of weapons in recent years (280 airplanes, 31 helicopters, 200 armored cars, 4 corvettes, and a large number of missiles). It has imported chiefly petroleum in exchange. According to data released yesterday by the European Economic Commission, Italian imports in 1984 amounted to 3.514 billion crowns of the EEC total of 9.009 billion, while exports reached 2.114 billion crowns out of a total of 4.388 billion.

The 1985 data, released yesterday by the Ministry of Foreign Trade and covering the first 10 months of 1985, reveal a persisting imbalance in favor of Italy. In 1985, Italy spent 3.642 trillion in Libya (as against the 4.8079 trillion spent over the same period in 1984) and bought goods representing 1.897 trillion (as against 2.068 trillion during the first 10 months of 1984).

The drop in trade is a result of Libya's foreign exchange difficulties (following the decline in oil prices), but it also stems from the failure to reresolve a dispute dating from the time when Al-Qadhdhafi came to power and repudiated debts of 81 billion lire owed by the previous regime. The missed payments, for which indemnification has thus far been made by SACE (the public authority insuring Italian exports), have increased in the meantime to 150 billion and have prompted this agency to adopt a very cautious approach.

Libya is currently considered by SACE to be a country "on probation." This means that medium-term and long-term contracts signed by Italian firms are not insured by SACE until previous contracts have been paid off. In addition, the insurance coverage of 90 percent of the value of a contract has now been lowered to 80 percent.

On the other hand, insurance coverage is granted in the case of exports involving short-term payments, if accompanied by irrevocable letters of credit (this meaning that a Libyan bank guarantees payment in any eventuality). SACE's risk relative to Libya currently stands at 410 billion on a medium-term and long-term basis and at 720 billion on a short-term rotating basis. In 1985 this agency insured about 10 contracts, 2 of which were rather substantial, one an IVECO (Fiat) contract for around 400 million dollars and the other an Italimpianti contract for around 130 million dollars. Finally, SACE deplores the non-payment of an indemnity of 12 million dollars (discounted 30 percent in accordance with an agreement reached between the Italian embassy at Tripoli and the Libyan authorities at the end of 1984), and accordingly does not at the moment foresee changing its attitude of restraint toward Al-Qadhdhafi's country.

Concern is also being voiced by companies interested in the compensation owed for petroleum agreed upon several years ago by ANCE (the builders' association), along with AGIP, and the Libyan petroleum authority in the amount of 300 million dollars, only half of which has been paid thus far. A similar transaction completed by technicians of the Ministry of Foreign Trade in July 1985 in the course of a meeting of the Joint Commission has had no better success because of Libyan insistence that the crude oil be paid for at the OPEC price.

In the interim, however, Tripoli has reduced its aggregate debt to Italian businesses from about 1.2 trillion last year to slightly more than half this amount. If the political tension is relaxed, it might be possible to work out a compensation agreement with Tripoli (oil and gas in exchange for goods) similar to the one recently reached with Iraq by Minister Capria, under which the petroleum market prices set in Rotterdam were taken as the terms of reference.

Italian-Libyan Trade (First 9 Months, Values in Billions of Lire)

Item	1984	1985	Variation (percent)
Export	3,642.4	4,807.9	+32.0
Import	2,067.4	1,897.0	- 8.2

Source: ISTAT

8,000 Italian Technicians in Libya

Rome LA REPUBBLICA in Italian 9 Jan 86, p 6

[Commentary: "More than 8,000 Italian Technicians Earning Monthly Salaries of 3 Million"]

[Text] When Al-Qadhdhafi came to power in 1969, there were around 20,000 Italians in Libya. Almost all of them were expelled in 1970, and they did not start to return until the mid-1970's. There were 20,000 of them in Libya again in 1980-1981. Then there was a slump in the petroleum industry, activity in construction and major public works projects was scaled down, and today there are 8500, 2000 of whom live in Cyrenaica (capital: Benghazi), and the other 6,500 in the former Tripolitania and Fezzan (capitals: Tripoli and Sabha). The majority of them, 5,000 persons, work in construction and on public projects, 1,500 in the petroleum industry, and the remaining 2,000 at Fiat-Iveco, in factories (tiles and pasta), and in the service sector. Almost all these Italians are management personnel earning on the average a monthly net income of 3 million lire, with food and lodging paid by the firms. Only about 1,000 persons in Tripoli live in private housing. The others stay in "camps," fenced-in prefabricated housing units with guards at the entrance. About 500 Italians live in hotels, at Bab El Medina where there is a concentration of Italian technicians who work in Tripoli and at Bab El Bahar and Bab El Kebir where company directors are housed. Some 100 Italians have been in Libya since Al-Qadhdhafi first came to power.

The residential quarter of the capital where most Italians live is the former Georginpopoli, now Hay El Andalus. The most important personages in the Italian community, in addition to ambassador Giorgio Reitano and consul general Giuseppe Cipolloni, are the Italian member of the people's committee managing AGIP-NAME, Francesco Guidi, MONTEDISON representative Paolo Ferro, Fiat representative Luigi Dessy. ENI's Giovanni Ortone, SIRTI's Piergiovanni Umberto, and COGEFAR's Luigi Bianchetti. There are 6,500 Italians who have a work visa and thus permission to live in Libya; the other 2,000 have a business visa which is renewed every 3 months. One-fourth of these 2,000 are authentic renewals, that is, persons who stay in Libya for 3 months or slightly longer and are then replaced by others, while 1,500 work in Libya constantly but prefer to have the business visa renewed every 90 days. Every firm must have a legal representative who is responsible for all the obligations of the company and consequently has to leave his passport at the revenue office.

This custom has caused quite a few difficulties for the persons handling Italian business affairs in Libya. To give just 2 examples, a carpenter named Francesco Cece was imprisoned for more than a year because the Cantieri Industriali (Industrial Construction Corporation) in Rome failed to pay tax amounting to 1.5 billion lire, and an engineer, Francesco Napoletano, was held in prison for several months because SICOGE had been forced to suspend work on sewer systems because of a cash flow problem.

Italians in Libya have very few opportunities to get together. There is an assistance committee for Italian nationals, a young people's general athletics association, and a moving picture and theatrical center. There is also a school for Italians (with instruction from kindergarten to university science entrance examinations) named after the Arab-Sicilian poet Al-Maziri. The last big recreational event for the Italian community in Tripoli was a mammoth bingo game held in the building of the moving picture center on 12 December 1985. All Italian firms subscribed for the prizes, and the numbers were drawn by the commercial director of Alitalia, Nevio Scamolla. An ensemble also performed.

153 ENI Employees in Libya

Rome LA REPUBBLICA in Italian 10 Jan 86, p 4

[Article by Edoardo Borriello: "ENI Monitors Crisis Without Alarm; Oil Imports Not to Be Halted"]

[Text] Franco Reviglio, president of ENI, is personally following the developments in the Libyan situation, and his coworkers firmly state that he is not at all worried. Oil tankers of the government fleet continue to ply between Italian and Libyan ports, hauling the customary huge cargoes of oil.

Bu-Attifel is the crude oil imported by AGIP, a company controlled by ENI, at the rate of 80,000 barrels a day, that is, more than 29 million a year, the equivalent of about 4 million tons.

This type of petroleum, highly rated and used chiefly by petrochemical industry installations (those concentrated in Sardinia in particular), is extracted from the Libyan Bu-Attifel oilfield by the AGIP NAME company, which in 1985 produced a total of 7.8 million tons. Half of the petroleum extracted is turned over to the Libyan government as equity. The other half is imported into Italy.

AGIP is also proceeding with the project for working the Bouri deposit in Libya. This project is now in the execution stage. In all 153 employees of the ENI group are currently in Libyan territory; their family members raise the size of the group to 210 persons. Almost all of them are technicians and laborers.

It is noted that, while Italian petroleum imports increased from 6.8 million tons in 1982 to 8.5 million tons in 1984, AGIP imports have gradually decreased, at a time when those of third-party importers, that is, Italian and foreign oil companies, have risen.

The opinion is widely held both in ENI and by private companies that the sanctions imposed by the United States will not significantly reduce Libyan oil exports. Tripoli will easily find other outlets for its high-quality low-sulfur crude oil. Exports to the USSR and other CEMA countries will probably increase. Libyan crude will also probably reach the United States market by way of indirect imports.

Small but significant amounts of Libyan petroleum are occasionally purchased by AGIP on the spot markets, that is, foreign markets where this important raw material is sold at freely established prices and the prices set by OPEC, the organization of 13 countries exporting "black gold," are ignored.

As regards any plan for evacuating ENI employees and their family members from Libya, Reviglio's coworkers explain that plans of this kind, which are drawn up against unforeseen disasters, are always ready and are constantly updated. For the time being, however, there appears to be no need for them. Whether or not they will be put into effect will depend on decisions made by the Italian government.

ENI employees represent only a very small part of the more than 8,000 Italian technicians and laborers employed on Libyan soil.

Boycott Could Favor USSR

Rome LA REPUBBLICA in Italian 10 Jan 86, p 4

[Commentary: "Libyan Boycott Could Favor USSR"]

[Text] The drop in oil income, the main source of Libyan revenue, has already dealt a heavy blow to development of the country. The Tripoli government is in debt to the tune of around 10 billion dollars to foreign banks, which have put it on the list of customers "at high financial risk."

In 1985 the United States exported to Libya goods valued at about 300 million dollars while importing 40 million dollars worth of petroleum products. The total trade embargo now imposed by President Reagan will certainly not have a disastrous effect on the Libyan economy, but will nevertheless have an impact on a country with a population slightly greater than 3 million whose per-capita income is dropping sharply following the decline in sales of petroleum, from which Tripoli collected 9.3 billion dollars in 1985 as against 12 billion in 1983. As a result of this shrinking of energy markets, the gross national product last year was about 3 per cent lower than in 1984, while inflation still hovers around 10 percent.

From the financial viewpoint, the time is now past when Libya, along with the other Arab oil producing countries, could allow itself the luxury of investing its surplus cash abroad and of lending petrodollars to whoever needed them. Al-Qadhdhafi's debts to foreign banks currently amount to around 10 billion dollars, including an annual interest payment equalling 2 billion dollars. Libya has thus become a country "at high financial risk" to which banking institutions are increasingly reluctant to lend a single cent.

Against this background of creeping economic crisis, then, the American sanctions can have a certain, although limited, impact. The consequences would have been entirely different if the Western countries to which Reagan appealed had supported the United States boycott to freeze all trade. Suspension of the economic relations represented by a single group of leading countries (Italy, Federal Republic of Germany, France, Great Britain, Japan, Spain, Switzerland, Turkey, and Greece) would have meant to Libya the cancellation of 8.2 billion dollars in exports and 4.1 billion dollars in imports, according to trade figures for 1984.

There would have to be added to these figures the consequences of the shutting down of industrial operations managed by foreign personnel, the resulting local unemployment, and the other economic and social repercussions caused by an unstoppable crisis in international relations.

Significantly, the one of the sanctions imposed by the White House which will probably have the greatest impact will be the departure of American specialists employed by Occidental Petroleum Company, Marathon Oil Company, and Conoco Incorporated. These companies draw around one-half of the total Libyan petroleum production.

However, there is one aspect of the Libyan situation that has not been studied thoroughly enough and that could somehow affect conditions in the Mediterranean. The Soviet Union did not delay in showing its predictable support for Al-Qadhdhafi, but this was a gesture certainly dictated not by particular liking for the colonel of Tripoli but by the opportunities which the American boycott of Libya now offers the Kremlin from the political viewpoint.

After being expelled from all Arab countries, the Soviet Union has nevertheless managed to remain in Libya to keep a fairly important foothold in the Mediterranean, which, although weaker than the one in Egypt, is near the sensitive Suez Canal as well as the Mediterranean basin.

Not being able to count on ideological harmony with Al-Qadhdhafi, Moscow has had to pay for its alliance with substantial weapons deliveries. The Libyan difficulties on the petroleum market have now given the Kremlin the opportunity of making the alliance with Tripoli no longer contingent on sale of weapons but on indirect purchase of surplus Libyan petroleum, thereby increasing Libya's dependence on the East European countries, and accordingly Moscow. Sometime ago, at the first hint of crisis on the energy markets, the news agency TASS did not hesitate in a comment on the Libyan position, for example, to assert that this had led to the creation of a "stable structure in trade relations" between the USSR and the Libyan government.

There are no definite data on trade between Libya and the Soviet bloc, with the exception of Romania, which imported 311 million dollars in goods from Tripoli in 1984 and exported 140 million. Yugoslavia made purchases amountting to 407 million while selling goods representing 255 million dollars. Having difficulties in its own petroleum industry, which have necessitated revision of energy deliveries to its allies, the USSR will now be able to trade to its advantage on the Libyan market and even gain favorable prices for the Eastern countries from an Al-Qadhdhafi caught in an economic squeeze which at the same time ties him more closely to the Kremlin.

6115
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ISTAT ISSUES FIGURES ON 1985 UNEMPLOYMENT RATES

Rome LA REPUBBLICA in Italian 12-13 Jan 86

[Article by Giovanni Scipioni: "Big Industry Wipes Out Another 60,000 Jobs"]

[Text] Rome--The gradual downturn of employment that has taken place since the early months of 1980 continues inexorably and without interruption. In the first 10 months of 1985 there was a 5.2 percent decline in employment from the level for the same period of the previous year: approximately 60,000 employed persons found themselves--in the space of a few months--without work and thereby swelled the ranks of the already sizable army of unemployed, which now stands at 2.4 million. Some, however, have found employment in the "underground economy," which has a work force of 2 million. All this indicates that the robots, with their mesmerizing tentacles, have penetrated big industry under the banner of technological innovation. They have speeded up production tempos and enhanced our country's competitiveness but have very gradually been separating from their jobs older workers who are choosing early retirement in preference to nuts and bolts and electronic machines.

The data from the ISTAT [Central Statistics Institute] survey, developed in those industrial establishments that have more than 500 employees, also reveal that employment in the month of October recorded a 4 percent decline from the figure for the same month of the previous year. The situation with respect to hours worked was inversely proportional, however: in the first 10 months of 1985 there was an increase of 0.9 percent in the average number of hours worked per capita, while in the month of October the average number of hours worked per worker showed an increase of 0.7 percent over the figure for the same month of the previous year.

The decline in employment is also a sign of the transformation of our country's industrial system. Big industry is getting rid of its surpluses by virtue of a more managerial and contemporary type of administration. At the same time, small companies with very few employees (preferably with 40 or 50, the figure below which the Workers Statute is not applicable) are springing up like mushrooms.

The downturn in employment recorded by ISTAT is the consequence of the negative developments that have affected the majority of sectors of the economy. The highest price of all, however, has been paid by the metalworking industries, which in October recorded a decline of 7.8 percent, and by the chemical-pharmaceutical industry, with a decline of 6 percent--the very same sectors in which the increase in hours of work per capita (respectively 1.7 percent and 4.2 percent) proved to be most accentuated.

Still with reference to October 1985, average savings did actually achieve an increase of 9.4 percent over the figure for the same month of the previous year. This is the result of the dissimilar behavior of the two principal components: direct remuneration (basic wages, contingent pay), which recorded an increase of 10.8 percent, and indirect remuneration (family allowances, wage supplements from the Supplementary Fund, profit sharing), which by contrast recorded a relatively modest increase of 3.8 percent.

A comparison between the data for the first 10 months of 1985--according to ISTAT--shows that there was an average increase of 9.9 percent in savings per worker as a result of the combined effect of a 10.7 percent increase in the direct part of the remuneration and a 7.6 percent increase in the indirect part. The individual sectors contributed to the average 9.9 percent increase in savings with percentage increases, respectively, of 12.6 percent in the chemical-pharmaceutical industry, 12.4 percent in the metalworking industry, 11.9 percent in the energy industry, and 7.4 percent in the transport-equipment construction industry.

The 60,000 unemployed of big industry are in part reentering the labor force through the high-tech vocations. In large part they are entering the service industries--both the advanced kind and otherwise--but in very many cases they are forced to accept work in the underground economy. And what of the others? According to a study by the Ministry of the Treasury technical committee on public expenditures that examines the data for the period 1977-1983, the ministries would probably be able to absorb an additional 40,000 employees. The major ministries--except for Health and Transport--are in fact understaffed to an extent that ranges, in terms of percentages, from 66 percent for the office of the prime minister to 90 percent for Budget and for Foreign Affairs, with the average being at around 75 percent.

A Slow But Continuing Hemorrhage (Base 1980 = 100)

1980	100.0
1981	86.8
1982	92.4
1983	87.8
1984	83.0

10992
CSO: 3528/73

FIAT, ALFA ROMEO AUTO SALES INCREASING IN EUROPE

Rome LA REPUBBLICA in Italian 14 Jan 86 p 36

[Article by Salvatore Tropea: "The Italian Automobile Makes a Comeback in Europe"]

[Text] Turin--1986 will be the year of Alfa Romeo and Fiat: the former will have to find a way to wipe out a deficit that is now approaching 300 billion lire, and the latter will have to resume the alliance talks that were so abruptly interrupted after the failure of the understanding with Ford. Naturally, the most urgent problem is the one facing the automobile company that has state participation rather than the one facing the Turinese, who after all did close the year with an unprecedented profit for the group of approximately 1 trillion lire, by far the greater part of which was earned by the automobile division.

The 1985 balance sheet for the Italian and European automobile markets poses these topics once again. Overall sales are 6 percent above the figure for 1984 in Italy and 2 to 3 percent in Europe. The figure for France was 2.4 percent and Great Britain 4 percent; in Germany it remained below 1.8 percent. The Italian market has accordingly continued its upward trend, that is to say, a trend opposite to that prevailing in the community-wide market.

"The explanation of this phenomenon," observes the president of ANFIA, Engineer Carlo Righini, "lies in the fact that when sales were increasing in other countries Italy was falling behind and is today, therefore, merely recovering the ground lost. Moreover, we have the oldest and most fragile stock of automobiles in Europe, for which reason it is more than natural to anticipate its renewal and therefore greater sales. One must not, however, overlook the efforts that Fiat--and to an extent Alfa Romeo as well--have made with respect to models. It is a technique followed by the foreign car companies, which precisely for this reason recorded a greater penetration of our market in 1985."

In Europe, however, production capacity continues to be greater than demand: that is to say, only 9 million automobiles are sold but slightly more than 11 million are produced. "The reason," Righini says, "is that the continental market is saturated and is 90 percent dependent on the replacement trade. Any growth in sales depends on acquisitions of a second or third car. This type of market is strictly limited, however, and we therefore cannot expect for the next few years any increase in sales greater than 2 or 3 percent on the average."

To return to the Italian scene, sales in 1985 totaled 1,746,868 automobiles compared to 1,634,943 in 1984, an increase of 6.85 percent. The Fiat-Lancia-Autobianchi group slipped to 51.3 percent of the market, losing a few percentage points to the foreign competition; Alfa held steady at 6.5 percent; and Innocenti did not do better than 0.8 percent. The foreign firms increased from a 36 percent share in 1984 to 40 percent. Renault came first in this group with 10 percent of the market, followed by Volkswagen with 7.4, Ford with 4, General Motors with 3.3, Citroen with 3.5, and Peugeot with 3.2 percent.

Last December was something of a surprise, with 105,227 cars sold compared to 97,366 in the same month of the preceding year. The 8.7 percent increase is exceptional for a month that is normally not outstanding with respect to sales. This is another anomaly of the Italian market, but it cannot last for long if it is indeed true--as the president of ANFIA contends--that 1986 will be for Italy a year of adjustment in the market (and perhaps one of setback) with respect to the progress of the last 3 years.

Under these conditions it seems clear that the concept of alliances will soon resurface as an objective. On the Italian scene this will pertain to Alfa Romeo, whose replacement of a few managers will certainly not suffice to get it back on the right track. Fiat is in a different situation, one that is somewhat similar to that of the other big European companies.

Today the Corso Marconi company enjoys good health: it has a line of excellent models and its balance sheet shows a substantial profit. In the future, however, it must emulate its European competitors and seek an alliance that will enable the partners to produce on a larger scale and therefore have a greater combined impact. The company will probably resume talks with Ford itself, at least according to some accounts.

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L'UNITA EXAMINES OECD REPORT ON NATIONAL DEBT

Rome L'UNITA in Italian 22 Jan 86 p 2

[Article by Daniele Martini: "Italy Holds the Record for Debts"]

[Text] Rome--In 1986 the Italian economy will set a record: for the first time in its history the national debt will exceed the value of the gross domestic product [GDP]. In other words, for the first time the figure for the total debt accumulated over the years by the national treasury will be so large that it will outstrip the value of everything produced in Italy (goods and services alike) in the sizable time frame of 12 months. The record we are going to establish is obviously a negative one.

When the OECD--the Organization for Economic Cooperation and Development--came out with its authoritative report on the forecasts for 1986, the news that we were advancing by leaps and bounds toward this not very flattering goal had already been known for several months. It was years ago, however, that the Italian national debt took off on a tangent and followed a growth pattern typical of a South American country. The fact that the GDP has been equaled and passed adds one more element (statistical and psychological) to what had by now seemed inevitable to everyone.

The five-party coalition has done nothing, or very little, to try to reverse this dangerous trend; even the economic maneuver for 1986 that was instituted by the budget does not, from this standpoint, introduce any substantial changes, in that it does not intervene vigorously, promptly, and with determination in the structural causes of the national debt. No corrective measures, for example, have been applied to the mechanisms that regulate current expenditure, the sector which--as everyone knows--is more than any other responsible for the torrential outflow of money from the state coffers.

In 1985, moreover, the growth of the national debt took place in the presence of an element of monetary policy which should instead have restrained it, namely, there was a gradual decline in interest rates, brought about by the monetary authorities through a reduction in the discount rate. The cost of money basically decreased, a circumstance that also enabled the government to have recourse to loans from its citizens (via the issuance of bonds) on relatively more advantageous terms. Nonetheless, the debt burden--as we have said--increased more than had been forecast.

According to the OECD, the ratio between the net national debt and the GDP will amount to 107.4 percent (as can be seen in the table we publish herewith). This means that the year just ended will show a leap forward of 8.2 percent. A comparison with 1975 is startling: in 10 years our national debt has simply left the field behind. Even 10 years ago we already held the negative world record; we were then at levels which were assuredly cause for concern, but the idea of overtaking the GDP still seemed to be out of the pages of economic fiction. Indeed, for a period of 5 years--from 1975 to 1980--the state coffers did not have to endure any additional bloodletting: the ratio between debt and GDP held steady at around 60 percent.

The breakdown occurred in the first 5 years of the 1980's. It was in this period that the perverse spiral of the debt began its spin, and this trend is anything but ended. A comparison with the other industrialized countries of the West discloses the negative peculiarities of Italian government finances. Ten years ago Great Britain was almost on the same level with us, and was the only country other than ours to find itself in difficulties. These difficulties persist for Mrs Thatcher but have not grown worse (at least in terms of percentages and statistics) and, above all, have attained levels which from the Italian point of view are enviable. Our country presents an indebtedness quotient that is 3 times the average of the "Big Seven." France is better off than the rest, with an index that the forecast for 1986 puts at 19.3 (although even in that country the trend is unfavorable: the OECD forecasts an increase of two percentage points from 1985 to 1986). Nor are these OECD forecasts very reassuring for the U.S. treasury: even in its case, the forecasts speak of an increase of around 2 percent.

The OECD contends, on the other hand, that there will probably be some improvements, here in Italy, in the ratio between the budget deficit and net private savings, that is to say, between the quantity of money that the state will collect from its citizens to finance its indebtedness and the quantity of money that Italians will succeed in setting aside by making use of the structures of the marketplace. From 92.7 this ratio will decrease to 87.1, remaining nonetheless at levels twice those of the other industrialized countries. This Italian investment is perfectly in keeping with the financial "boom" that began in 1985 with the great performances of the stock market and the apparently unstoppable success of the mutual investment funds and the annuities.

National Debts of the World: Ratio Between National Debt and GDP

Country	1975	1980	1985	1986
United States	25.6	20.4	29.3	31.4
Japan	-2.1	17.5	27.6	27.5
Germany	1.0	14.3	23.3	23.2
France	11.1	9.1	17.3	19.3
Great Britain	57.3	48.3	49.9	51.2
Italy	59.9	60.0	99.2	107.4
Canada	7.6	14.9	36.8	40.9
Average for "The Seven"	20.7	22.3	33.0	34.9

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CER PREDICTS LIRA DEVALUATION IN MID-1986

Rome L'UNITA in Italian 22 Jan 86 p 10

[Unattributed report: "Craxi: Always Playing the Optimist"]

[Text] Rome--In 1986 there will be a new devaluation of the lira, and it is possible that a renewed and dangerous inflationary spiral will start. The rate of price inflation, however, will probably not drop below 7 percent. The CER [Center for Economic Research], the research center headed by the socialist Giorgio Ruffolo, forecasts nothing good for the current year. Another view is held by Bettino Craxi, who in a newspaper interview is profusely optimistic. The prime minister contends that the rate of inflation will decrease and interest rates continue to decline. These respective conclusions, in short, are quite divergent and are justified as follows:

The CER, in its study published yesterday, believes that "the plan for industrial restructuration formulated 10 years ago is bankrupt" and on that basis examines the possible future behavior of some of the variables.

"The lira," Giorgio Ruffolo's research center declares, "will probably undergo a downturn in value compatible with a restrained realignment of parity in the SME." That should occur around mid-1986, and will result in a slight improvement of our competitiveness vis-a-vis Germany. Inflation will not drop to 6 percent, as forecast by the government; a harsh 7 percent is taken for granted. If we then attempt to carry out a more severe devaluation than our European partners are able to allow us, we shall run the risk that inflation will rise sharply.

The CER then examines the problems of the national debt and the cost of money. "The size of the deficit," the CER says, "produces a tendency for interest rates to rise and a poorly planned growth of the monetary aggregates; it makes the problems of redistribution more acute and the financial situation more fragile." There follows a severe criticism of the choices made by the government: "The emergency measures," says the CER, "will be exhausted within a year and do not represent a solution that is either sufficient or effective." Hence the necessity for taking decisions "that will positively make it possible to contain expenditure over the medium term."

Now we turn the podium over to Craxi. The prime minister employs a different tone, and his forecasts are different. Here are some of his forecasts:

The rate of inflation will be 6 percent in 1986, the programmed ratio, while the deficit in the trade balance will be cut in half. His optimism is attenuated by only one observation: "The risk," he says, "lies in the deflationary processes that are present in all the industrialized countries--processes that could penalize our exports."

As regards interest rates, Craxi is once again confident. "I believe," he says, "that they will continue to decline, even though only partial results have been obtained to date." He then responds to the accusation--many times leveled against the government--to the effect that it is a "big spender," and aims a new barb in the direction of Confindustria [General Confederation of Italian Industry]: "The level of Italian social spending," the prime minister contends, "is not great, but it is not very productive. We have allocated to industrial restructuration an amount equal to the deficit in the national budget."

In essence, Craxi reaffirms his optimism and this time even quantifies it. Alongside his rosy predictions he places numbers and percentages. He does not, however, renounce an argument that has become dear to him: his defense of the role of the state in industrial restructuration. That role, the prime minister says, has been fulfilled; our enterprises are showing a profit; and production has increased and will continue to increase.

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EFFECTS OF DOLLAR, OIL PRICE DECLINE ON RESTRUCTURING

Rome L'UNITA in Italian 25 Jan 86 p 9

[Article by Stefano Cingolani: "Once Again, Changes in the Scenario for the System of Production"]

[Text] Having only recently completed its adaptation to the shocks of high energy prices and the strong dollar, the Italian economy is faced with absorbing and adapting two counter-shocks: the decline of the dollar and the utter collapse of oil prices. The response to the two phenomena that characterized the recent past had been a production restructuring based on savings (energy, labor and capital) and greater flexibility primarily with respect to labor utilization, but also in the application of new technology to capital. This process, which brought about great changes in our production methods and social relations, is analyzed in a report jointly issued by the European Research Center (ERC) and the Institute for Social Research (ISR). Yesterday, Ruffolo, Onida, Ranci, Momigliano, Spaventa, Colajanni, Nesi and Altissimo (who contributed a personal message) debated the first of seven volumes detailing the report.

Before reviewing the conclusions of the debate we turn to the effects of the two counter-shocks. These were not discussed directly, but are of primary importance. This is so because the major restructuring of the economy indicates that it occurred following a series of closely connected macroeconomic developments and micro-economic reactions of the industries. Consequently, one may expect a similar sequential interrelationship in the near future.

A decline of the dollar and of petroleum prices implies a significant reduction of imports in a country like ours from which arise the dual benefits of an improved balance of payments and lowered costs to manufacturers. However, note that a large portion of our exports is to developing oil producing countries who will experience ever-increasing liquidity problems. Moreover, will reduced production costs in fact lead to reduced prices? Or will we witness increased profit margins (which are already substantial) which in turn will be devoted to non-productive financial operations? Lastly, the fall of the dollar will cause a rise in the value of the mark, provoking further monetary turbulence and adding to the difficulties of maintaining the lira within the European Monetary System (EMS). All of these are imponderables both for macroeconomic policy and industrial policy. This brings us to the major thrust of the article.

The 5 year period of the most intensive restructuring (1979-1984) resulted in lowered industrial productivity. There was no expansion of the productive base. There was no movement toward more advanced industrial sectors. On the contrary, instead of importing raw materials, we increasingly import semi-manufactured and investment goods (whose prices do not decline, since many come from Germany). As expressed by Ranci, our foreign trade sector, though greatly affected by the dollar and by oil prices, has become a domestic factor due to our malfunctioning system of production. "The significant recovery has effected only a narrow sector which most likely remains as such without effecting the rest of the economy," stated Spaventz. This paradox results from a series of missed opportunities, especially in economic policy.

Industrial policy, added Colajanni, does not work efficiently when employed aa a system of automatic subsidies, nor, according to Spaventa, when it is conducted as a series of disjointed interventions. What, then, can point our economy toward greater productivity and more sophisticated technology? The system as it has existed cannot, (for we have witnessed its performance to date) nor, under the circumstances, can our managerial class. The solution lies mainly in a reform of our public administration and its procedures.

Momigliani stated that the public administration's excessive freedom to provide subsidies to various industrial sectors constitutes one of the most crucial weaknesses of our economic policy. Lastly, Nerio Nesi cautioned that the banking sector needs further development if it is to sustain effectively the growth and development of Italy's system of production. He announced that in a few weeks the Banca Nazionale del Lavoro will outline its proposal for merchant banking. He concluded that Italy's banks should prepare themselves for intense competition in a few years from the major international banks in the domestic market. And here, too, we risk being placed in a disadvantageous position.

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ECONOMIC ITALY

POLL REVEALS CGIL LEADERS WANT TO DEMOCRATIZE

Rome L'ESPRESSO in Italian 9 Feb 86 pp 148-151

[Article by Tullio Fazzolare: "Classless: The CGIL Congress"]

[Text] The largest Italian union is changing profoundly. According to a poll by L'ESPRESSO, its leaders no longer believe in worker hegemony and want co-management.

Goodbye to factory occupation and pickets outside the gates. Enough of the savage struggles and the old dogmas like supremacy of the working class. It wants to modernize, and above all have greater democracy within the union: thus, from now on, fewer assemblies and more voting. This is the new CGIL that is to emerge from the coming congress, the eleventh in its history, to be held in Rome at the end of the month, 28 February to 4 March.

The largest Italian trade union wants to change its skin. Thus, as stated by its new secretary, Antonio Pizzinato (who within a few weeks will take over Luciano Lama's post), "the CGIL must be completely reformed, otherwise it will not last long." But in what way and in what direction should this reforming take place? To answer these questions, L'ESPRESSO questioned directly the men who should later be the main protagonists: they are 157 (out of a total of 200) members of the CGIL regional secretariats, officials of the category organizations (from metalworkers to laborers to public employees), and secretaries of the union branches of the most important cities. In effect, these are the "colonels" of the CGIL who control the union organization throughout the country. From their answers to the questions in the L'ESPRESSO poll, a specific indication is evident: the CGIL, as Pizzinato says and Lama would like, must change, it must emerge from the latest years of crisis (beginning in 1980 with the defeat at Fiat and culminating in June 1985 with the failure in the referendum on the wage scale), by becoming more pragmatic and more reformist.

A New Identity

In the view of the majority of those interviewed, the union is destined to assume responsibilities different from those it has had thus far. Almost 58 percent of men in the CGIL organization maintained that it is now time to aim at co-management. Thus, the objective is a union that will actively participate in management's decisions: from investments to the new technologies, and including the number of workers employed, everything should be discussed and decided by joint agreement. Bruno Trentin, one of the CGIL's historic leaders, commented: "None of us expect to sit on the boards of directors of the companies. However, it seems right to me to 'reach together' the decisions that affect us." Not all the CGIL leaders have come to this conclusion, however. There are still some 42 percent, a kind of "hard core" of the old trade unionism, who are convinced that strikes and confrontations must be used with greater decisiveness in opposing the owners. However, even some of the die-hards took care to add a kind of postscript: confrontation is useful to be able to achieve stronger positions in comanagement.

Another sign of the change coming about in the CGIL is the "pact among producers," that is, among workers and managers, proposed by Lama. More than half of those polled (50.7 percent) were in favor of achieving a social truce of this kind. On the other hand, 39.1 percent considered it not useful, and another 10.2 percent as outright dangerous. However, even this dissent covers various shadings. The alternative to the "pact among producers" is not presented as war to the bitter end with the owners: "It is better to reach some agreements on concrete things," said Antonio Lettieri, confederal secretary and one of the leaders of the CGIL left, "rather than a pact with a capital P." He added: "Before thinking about a pact of this kind, many of us would like to clarify two things: first, for what common objective, that is, for what development of the country, does this agreement need to be made; and second, between the union and management should there be specific rules of the game respected by everyone." Within the CGIL, on the other hand, there is still a little reluctance. However, despite everything, the majority is optimistic and believes in the value of Lama's proposal.

Open Union

Major changes are called for also within the CGIL. And it is significant that it is the organization leaders themselves who are affirming the necessity. They are the ones calling for greater democracy in the union. Of those interviewed in the poll, 60.7 percent maintain that voting by secret ballot is the best way to express the will of the members. Only 39.3 percent believe still preferable the old assemblies in which the vote was by show of hands without too much concern about counting and the number present, and perhaps even in a psychological atmosphere in which the one with the loudest voice won.

However, a democratic majority is not enough for the CGIL leaders. By a majority (51.3 percent) they are convinced that the union, as it is today, no longer faithfully represents the real needs of the workers. And not only that. Though having experienced years of work in the factory, the men of the largest Italian union realize that today the work world has changed. Without hesitation, 68.6 percent declare that the working class is no longer the dominant class. And they add that from now on one must take into account a whole series of new vocational profiles. And also new realities and needs that no longer concern only the work place or work position.

On issues from the tertiary sector to ecology, the major part of the respondents say that the CGIL should show itself more open to what is happening outside the factories. Vice versa, one does not want to open up too much to the parties. A total of 93.6 percent of the leaders (even though a majority are communists and one-third socialists) are convinced that in future their union must be less tied to the parties. It is no accident that they affirm by a majority that the union is already important and decisive: 53.2 percent of those polled maintain in fact that it has enough influence in political life.

Government and Management

Instead, it is in the relationship with the industrialists that the CGIL organization laments the union's limited influence. And its requests are directed toward this issue. A percentage of 57.3 call on the industrialists to "give the union more scope." Another 35.6 percent are more explicit: the union should have more participation in the enterprise decisions, from investments to formation of factory staffs. Thus resurfaces the objective of co-management,. characteristic of a reformist union. But that is not enough. Along with semitraditional demands such as "protecting employment" (48.4 percent), "reduction of work schedule" (33.7 percent), or "sitting at the negotation table for contract renewal" (20.3 percent), new demands are beginning to gain ground.

For example, the demand that management pay more attention to problems of the environment (12.1 percent). Or whether they pay attention to evaluating worker achievement (11.4 percent). Finally, there are fewer CGIL leaders (10.1 percent) simply calling for wage increases than who want to relate such increases to greater productivity (12 percent). And another fact is even more significant: 98.3 percent of those interviewed, almost a plebiscite, are convinced that the wage increases in the coming national labor contracts should be differentiated. Hence, more pay to those who have tasks of higher responsibility. The massive support of this approach puts an end to the old maximalist union calling for equal increases for everyone, as the CGIL was indeed in the past.

The moderation seems to prevail also in encounters with the government. The judgment of Craxi's five-party setup is not positive, but nor is it too severe: with opinions expressed on a scale of 1 to 10, it gets a report of 5.34. And one responder, after awarding Craxi a 3 or a 4 for his economic policy, gratuitously added that on his foreign policy alone he would willingly have given him a 7 or an 8. However, one thing is sure: the CGIL questioned in the L'ESPRESSO poll would prefer another majority in the government. Thus, 52.1 percent favor a left alternative, with the PCI and PSI flanked by the minority parties, while 47.9 percent instead favor the so-called "government of program" that, in addition to the socialists and communists, would include the DC. And 2 percent of those interviewed stated, however, that this formula would only be a way of later achieving the left alternative.

However, what do the CGIL men ask of the government in office? At the top of their demands is a "policy to promote employment" (51.5 percent); then greater tax fairness (39.4); but also reform of the inefficient welfare sector, as well as the health and social security sectors (38.8 percent). Others (11.4

percent) want reform to make the entire public administration work, "which is causing hardships to the entire community."

The new CGIL, therefore, no longer wants to close its eyes at the factory gates. Gerardo Chiaramonte, dean of PCI senators and one of the Communist Headquarters leaders who was most in favor of the Pizzinato appointment, stated: "The orientation of the CGIL leaders also seems clear to me: not lingering in a purely defensive action to protect an old system of guarantees, won by the workers in the past but today made ineffective by the production and social transformations that have occurred." The reformist union, that of the Lamas and the Pizzinatos, is awaiting the official opening of the next congress.

Workman Is No Longer in Hegemony

This is how CGIL leaders responded to the first group of questions in the L'ESPRESSO poll: the hegemony of the working class is ending; more democaracy; better comanagement of the difficult struggle.

1. Is the working class still to be regarded as the dominant class?

--Yes	31.4 %
--No	68.6

2. What should the union aim for?

--A tougher struggle	42.1
--Comanagement of enterprises	57.9

3. In order to have more democracy within the union which do you regard as preferable?

--Secret vote with referendum	60.7
--Vote by show of hands in assembly	39.3

4. What is your opinion of Lama's proposal for a "pact of producers" between management and workers to revive the economy?

--Favor	50.7
--Not useful	39.1
--Dangerous	10.2

The New Objectives

From an employment policy to reform of the welfare system, here are the main demands by the CGIL leaders, to the government and the managers in particular. Each of the 157 persons interviewed in the poll could indicate three demands.

5. Is the union as it is today still representative of the workers' real needs?

--No	51.7 %
--Yes	48.3

6. The wage increases established by the next contracts should:

--Differ according to the vocational ability of the individual worker	98.3
--Be equal for all	1.7

7. In your opinion, what is the preferable government form?

--Left alternative (PCI, PSI, etc.)	52.1
--Program government (DC, PCI, PSI, etc.)	47.9

8. What are the unrelinquishable demands to be made to the industrialists:

--Give more scope to the union	57.3
--Employment protection	48.4
--Union participation in decisions (investments, staff, etc.)	35.6
--Reduction in work schedule	33.7
--Renewal of contracts	20.3

9. What are the unrelinquishable demands to be made to the government:

--Employment policy	51.5
--Greater tax fairness	39.4
--Reform of the welfare system	38.8
--Nonrecessive economic policy	35
--Commitment to the south	24.2

[Boxed item: "Greens and Alternatives," by Gabriele Dossena. Is an alternative union being born? Homosexuals, naturists, and ecologists have succeeded in imposing their motions at numerous provincial congresses of the CGIL held in the past few days in preparation for the national event.

The most striking episode occurred in Bologna, during the provincial congress in the Emilia capital: 486 delegates (three opposed, and five abstaining) approved a motion stating: "Despite 15 years of political struggle for homosexual liberation, the society and institutions are still unmoved in their prejudice against them, in particular, anyone who affirms his homosexual personality still finds difficulty in the work world, both in being hired and holding onto his job." What is the union asking for specifically? First of all, more discussion among workers to overcome any form of prejudice and lack of solidarity," explained Beppe Ramina, of the ARCI-Gay national secretariat, "secondly, promotion and support to all possible initiatives for overcoming laws and regulations that differentiate homosexual workers from others, for example the family allowance and access to public housing; and finally to promote full recognition in the work site, without withdrawing credit for the reason of the sexual nature of individuals."

In Ravenna another initiative proposed by a naturist movement was approved, for nudity freedom on the Romagna coast. However, the surprises do not end here: the front saying "no" to nuclear plants received 53 percent of the vote at the congresses thus far held (by large majorities at Bologna, Varese and Lecco). The Piemonte metalworkers voted outright no by 70 percent.]

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ECONOMIC ITALY

DE BENEDETTI BLAMES POOR RECOVERY ON INEFFICIENCY

Rome L'ESPRESSO in Italian 9 Feb 86 pp 156-159

[Interview of Olivetti President Carlo De Benedetti by Salvatore Gatti; date, place not specified]

[Text] With the decline in inflation, according to the president of Olivetti, a new scenario is unfolding: the production system can no longer hide its own inefficiencies and must grow in real terms. As for the "pact" proposed by Lama...

The economic and social situation is again taking a turn for the worse. More than the figures--high inflation and record unemployment--the trend reversal in the last few weeks is due to the repeated demonstrations of impotence by the government. The finance law has been approved with difficulty, with a surge of confidence votes: the agitation of the doctors is paralyzing the country; the most important bills are tied up in Parliament; and appointments to the agencies and public banks are frozen. The political situation is not very promising, one has the clear sensation that the government is not able to lead the country's economy here in 1986. However, this can be a turning point year, an opportunity that should not be lost, because the international situation is instead positive for the economy. Luciano Lama has proposed in the columns of L'ESPRESSO a big "pact among producers" to restore the country. And among the most important supporters he has identified Carlo De Benedetti. What does the president of Olivetti think about the economic situation? And about the political situation? What outlets do you envisage to emerge from the crisis? We take our bearings with him in this interview for L'ESPRESSO.

[Question] Engineer De Benedetti, the political situation is turning for the worse. And it is likely that 1986 will end up being a lost opportunity...

[Answer] "It is true that 1986 is ready to offer us the unusual opportunity to lower inflation to a level no longer remembered in Italy, but which was normal in other times, and in other countries such as France has instead been reached today. I am talking about an inflation of 3 or 4 percent. There is, indeed, an unusual international economic situation: we have a falling dollar, and raw material prices also declining, the fall in international interest rates, and also a social situation in Italy that is certainly manageable, if we could offer development prospects for all, and employment for those not working, particularly for the young people."

[Question] Specifically, what results could we achieve?

[Answer] "This situation could enable us to harvest the fruit of the actions to restore Italian industry carried out during the past years, we could lower interest rates by 4 or 5 points, we could reembark on the path of development. However, we will probably let this favorable opportunity escape because of the inability of the political class to manage it."

[Question] The demonstration provided by Parliament these days is rather discouraging...

[Answer] "The progress of discussion on the finance law in Parliament is very discouraging. A finance law that is in itself very modest, a real glass of water in relation to the purgatives that are necessary, it has been tortured, worsened, reduced, because the interests creating this behavior are clearly different and contrary to that course of possible restoration of the Italian economy that I have tried to outline. There is a little too much discussion about power, who should have it, how to divide it."

[Question] What should we be concentrating on instead?

[Answer] "What is needed is that there finally be agreement on solving the two major themes of the country, of which all the others are offshoots or dependent variables. I am referring to unemployment and the public debt. On these two major themes hangs the future of the country in economic and social terms, and in terms of participation in the process of international political and economic development. Indeed, we need to set very ambitious objectives, because the country can and must develop at rates of 5 or 6 percent."

[Question] Why?

[Answer] "Because the growth rate currently forecast (rates of 2 or 3 percent) cannot absorb, but will instead worsen, the unemployment phenomenon, and for this reason this kind of rate is not compatible with the level of public debt and with the type of public expenditure through which we continue to consume, by the path of inefficiency, resources that are removed from development. These major priorities, on which it is necessary to find agreement, are priority for the country and not for this or that party. And after an agreement of this type, the country has the overriding need for this to be possible, for there to be management and not uncertainty, negligence and impotence."

[Question] The current political situation instead leads to the easy prediction that everything will be postponed, once again...

[Answer] "Unfortunately that is the case. But sooner or later, we will have to face these problems. I ask myself, however, why we should be so masochistic as to bring ourselves to do so at a time when we will be bogged down in greater difficulties and we will be under an international sky that is more cloudy than today. Each party, leader, and movement finds a motive for this national masochism in its own ambition, in hostility in encounters with its own opponent, which results in a destructive attitude in the country's dialogues."

[Question] The economy of the industrial countries has entered a phase of decline in inflation over at least the past 2 or 3 years. What does this change in scenario mean?

[Answer] "The Western economy, from the postwar period to the beginning of the 1980's, has experienced two major scenarios: the first in the 1950's and 1960's, of high real growth with explosive inflation. Today, the latter has declined again throughout the world, not including Italy, with a real growth that nevertheless remains modest and above all inadequate to reduce the unemployment inherited from the 1960's."

[Question] To many, deflation is synonymous with stagnation. Would you theorize that, basically, a little inflation would help to ease the crisis...?

[Answer] "The deflationist scenario in which we find ourselves, and in which we will find ourselves living for the next few years, does not at all mean that the Western economy is doomed to stagnation. We can regain the path of growth without inflation, but we will have to show that we understand and know how to tackle this radical change."

[Question] In what sense?

[Answer] "In the years of the major inflation, everyone--from the savers to the companies, to the states--equipped themselves to defend against the inflation, to win out over the inflation. The economy of real values was submerged by the tumultuous generation of monetary values. Debts had a premium over credits and real jobs; speculation had a premium over development, and monetary increase over actual productivity. Inflation balanced so many accounts, covered so many errors, and put all on the same level, the good and less good, productive and less productive, in the balances of both companies and of the state."

[Question] And now the situation has changed? In what way?

[Answer] "The game is over, because the context has changed: economist Marco Vitale was right when he said that company balances are beginning to weaken a term that characterized them for many years, the "tools of inflation." In its place is emerging a new term, the "losses of deflation." What is needed is appropriate methods and new rules, both for individuals and for companies and the state, to cope with this new scenario, which offers opportunities of great interest."

[Question] What are the new rules?

[Answer] "The new fact to which we had become unaccustomed is the coinciding of real values with monetary values. Today, one can no longer recover from one's own inefficiencies by speculating on increase in monetary values. Today growth in turnover or in a country can only come about through increase in real values. Growth in profit margins can come about only through work on the unitary value added: on productivity. Increase in prices can no longer serve as the escape valve for one's own management inefficiencies. Thus, we need to think in terms of real dimensions, real growth, real investments, real solidity, efficiency."

[Question] And what is the future for countries with high deficits, such as Italy?

[Answer] "Whoever is in the red and has a high debt will have a more difficult life: for this reason it will be less easy for the heavily indebted countries such as ours to find an exit. And this is perhaps why our country is not doing much to effectively reduce inflation: because the 11 million per capita of the 650 trillion in accumulated public debt that the state should return to each Italian is less heavy in terms of lira if the lira depreciates."

[Question] In your view, what should be done then to ease the problem?

[Answer] "Work on productivity. But not a productivity toward the bottom, that is, based on cutting employment, minimizing costs and also activities. In Italy, the substantial cycle of investments in these years has been aimed primarily at restructuring and rationalization of plants--as the IRS-CER [Social Research Institute-Europe Research Center] report on industrial policy emphasizes--not so much in prospect of future increases in production as reduction in costs. This is still a cycle aimed at restoring the old, not creating the new. Nor can one conclude that an improvement in production processes automatically translates into an improvement in competitiveness of the products."

[Question] In what direction, then, should the new economic policy be oriented?

[Answer] "One gains competitiveness today by genuine innovation in technology and products. I am thinking about a productivity upward and toward the new, in order to 'invent' new products and new markets, to force and accelerate the growth to that 5 or 6 percent at which we were aiming in the beginning, in order to jump rapidly into the new industrial cycle that the new technologies are opening up. We have hardly begun to realize what opportunities the new computer technologies can provide: there is still an entire revolution to be carried out to move from an industrial system based on production and transfer of physical goods to a new system based on production and transfer of knowledge."

[Question] Are we not behind, anyhow? Don't we risk being left overwhelmed by the major technological areas outside Europe?

[Answer] "The opportunities, which at this time no country, including the United States and Japan, yet entirely controls, are available and can be grasped by anyone--company or country--that has the will to accept the risk and the capacity to make a jump of imagination. The funds available, and there are plenty, are increasingly running less to haven assets, as they did in the 1970's, but seeking outlets where there is a prospect of change, even if risky, where there are opportunities to build something new."

[Question] In your opinion, has the Italian Government understood this new situation?

[Answer] "Some governments have already begun to grasp that petty coasting trade, the policy of very short-term survival, does not pay, and that the different scenario in which we are operating and its new prospects require investments for the future, investments in human resources (education, research), and in infrastructure (physical links, communication networks, national services). Italy... is what we said at the outset."

[Question] Luciano Lama made a very explicit economic policy speech, based precisely on the new technologies, and departing from the observation that the union has finally finished with the wage scale issue and can tackle this new adventure of reviving the country...

[Answer] "I cannot be gratified, as Lama is, over the fact that it took 5 years to resolve, if it has been resolved, the issue of the wage scale. Lama says this now frees the union from an issue that had preoccupied its attention, causing it to neglect other topics such as the problems of unemployment, public deficit, the social state, and the country's development. I look forward to this, even though it is all yet to be confirmed; yet it seems unbelievable to me to admit having been stalled for 5 years on the subject of the wage scale, neglecting the other topics."

[Question] Lama also proposes a "pact among producers" for development of the country. Do you agree with that?

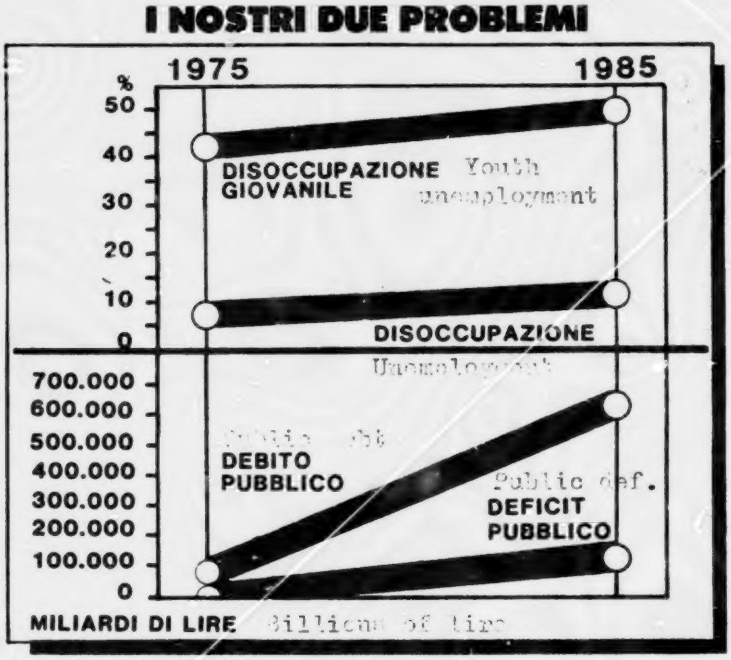
[Answer] "The words aside, what does he mean? Is he prepared to do battle with the corporate pressures to seek all courses for development? A pact for development also means willingness to accept the sacrifices required to put in motion the machine of a growth adequate to solve the problems we are facing. We should stick to the basic objectives, which should be shared. And this has been my intention for at least 10 years, ever since, as chairman of the industrialists of Piemonte, I myself began to talk about a pact for development."

[Question] According to the CGIL secretary, the main objective of a "pact" should be struggle against unemployment, and in particular against youth unemployment: in Italy it is about 50 percent, a not very enviable record among the Western economies. What do you propose?

[Answer] "Creation of jobs for youth can only come about by aiming for the new, accepting the risk of the new. It is necessary to establish major investment programs that will enable establishment of the bases for a new industrial cycle that will use the key resources of intelligence, imagination and determination, typical of young people. Major investments are not only the bridge over the Strait of Messina or the Channel Tunnel (though the symnbolic importance of those initiatives is important): they are also and above all the new networks of infrastructure, telecommunications, data communications, training, research, and efficient social and cultural services. The establishment of an equipped environment for growth of the entrepreneurial type for all the "country system." The resources exist, it is a matter of mobilizing them."

Our Two Problems

Unemployment, particularly youth unemployment and the public deficit, which year after year mounts up into the public debt, are the two key themes of economic policy, according to Carlo De Benedetti. These graphs show how the two problems have worsened during the last 10 years.



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ECONOMIC ITALY

ZANUSSI MODERNIZATION STRATEGY BRINGING RECOVERY

Rome L'ESPRESSO in Italian 9 Feb 86 pp 167-168

[Article by Leo Sisti: "Workers in the Fridge"]

[Text] Zanussi, the largest manufacturer of household appliances in Italy, is turning profitable. The crash therapy of the Swedish owners, less manual labor and more robots, has yielded the first results. And the deficit has been cut by more than half.

"The situation of Zanussi? It has improved, but the enterprise is not yet restored." From Stockholm, headquarters of Electrolux, Anders Sharp talked with a tone of "cautious optimism." He is director general of that Swedish colossus of household appliances, which since December 1984 is the new owner of Zanussi.

Sharp sits on the board of directors of the Pordenone company and is its guard dog: the figures and strategies developed by those directing Zanussi in Italy pass through his hands. He did not comment on the results of 1985, following the shivers of bankruptcy at the beginning of the 1980's. However, he admitted that the 126 billion lost by Zanussi in 1984 was a long-time record. In short, the deficit will be cut by well over half: according to the trade unions, it will definitely not be higher than 40 billion at the end of 1985.

Zanussi's march toward recovery will not have the flavor of those seemingly never-ending stories, such as Montedison, where 10 years had to pass before Foro Buonaparte returned to the prospect of a dividend.

No, already this year, in 1986, many are betting that at Pordenone the red will disappear from the balance-sheet: already in the last 3 months of 1985 the accounts closed in the black. Also because major innovations are in prospect. Let us listen further to Sharp: "Gianmario Rossignolo and Carlo Verri, president and director general of Zanussi, have done a fine job. In the first phase, they tackled restructuring of the group and thus replaced the management and relaunched the organization. Now they are facing the second phase, that of the investments." And hence, technological modernization: in practice, robots and automation, which will change the features of the traditional factory.

"You will see, you will see," Rossignolo had promised last summer. "Porcia, the largest plant in the group, near Pordenone, you wouldn't recognize it anymore." The industrial prophecy will see its epilogue shortly after the second half of 1986, when the plant will begin to install robots. The type of factory that Rossignolo--a manager who is a Fiat product--has in mind is the Mirafiori plant of Fiat, where the "Uno" is produced, or the Termoli plant, where the "Fire" engine is built.

At Porcia a decreasing number of workers will be seen in activity, especially when the installation is in operation, before the end of 1987. The whole project, along with changes made in other appliance plants, will cost more than 100 billion in 1986 alone.

The Porcia reconstruction will be the second stage in this technological revolution at Zanussi. The first is underway at Susegana, in the Conegliano Veneto area, a factory planned to become a production center only for washing machines. It will produce the new washer, of which technical wonders are promised, that was launched recently in anticipation of the Colonia Appliance Fair.

Both Sharp and Rossignolo are expecting great things from these innovations. For two reasons: because they have decided that Zanussi should increase its production of household appliances, bringing it to over 4 million units from 3.8 million in 1985; and because they will thereby succeed in reducing costs, making their product competitive. Today, Zanussi and Electrolux together control a good 25 percent of the European market in "white" appliances, and want to launch a war that will enable them to nibble away at the competition's share. The Pordenone plant is to have a leading role in the plans of the two companies. Sharp himself confirmed this: "With the reorganization that has been done, and is yet to be done, at Zanussi, the Italians will be producing more than Electrolux."

And what will happen to the employees? Today there are 16,000; already last year there was a reduction of 2,850, among whom some who resigned or who were among personnel of enterprises or companies conveyed by Zanussi to other owners. A further 1,000 will be put under the Unemployment Benefits Fund during 1986: but will they in fact? Already some of these will come back to the plant: they are needed to meet market demands; demands that should be explained: on the one hand there is a degree of recovery, and on the other, the crisis of Indesit operates in favor of Zanussi.

What happened was that in 1985, after a first half that had a number of disappointments for appliance producers, the situation changed for the better in the autumn. To the point that in the last 3 months of the year--when you break down the figures--Zanussi closed its accounts with a profit.

Sales are also satisfying during the first months of 1986. Abroad, for example, some markets have revived, such as France and Germany. And Zanussi wants to benefit from this, though with great care, for a very simple reason: throughout Europe there is a consistent production over-capacity, in fact too many producers are unloading in shops appliances that remain unsold. Thus, in order to make headway in these cemeteries, you have to be able to offer the right product at a suitable price.

However, in order to have refrigerators, dishwashers and washing machines on which you are beginning to make consistent profits, you need to shave costs: precisely with robots and other innovations on the automation front.

At that point, when the technological investment programs have reached their peak in 1987, Zanussi will find itself once again having to settle matters with the personnel. However, in the meanwhile its managers are relying on being able to send those over 50 home early on pension.

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ECONOMIC NORWAY

CENTRAL BANK CHIEF WARNS GOVERNMENT ON OIL PRICE DROP EFFECTS

Government to Propose Cuts

Oslo AFTENPOSTEN in Norwegian 13 Feb 86 p 4

[Article by Morten Malmo: "Government Alarmed by Oil Prices"]

[Text] As a result of the decline in the exchange rate of the dollar and falling oil prices the government will present Storting with a number of proposed changes in the already approved budget for 1986. There will be changes in both outlays and revenue. AFTENPOSTEN has been informed that it is unlikely that the government will wait for the coming wage contract settlements before presenting the proposed cuts.

It is not known how large the cuts will be. However there is reason to believe that the cuts will affect budget items where appropriations are tied wholly or in part to dollar payments. Unless such items are corrected to reflect the declining exchange rate of the dollar there will be a real increase in appropriations. Budget items that were assigned definite amounts corresponding to certain assumptions about oil prices must also be corrected.

Big Impact

The drop in oil prices combined with the decline in the exchange rate of the dollar will lead to smaller state revenues from the North Sea than previously anticipated. In January and February of last year the price per barrel was 280 kroner. In its final proposal for the 1986 budget which was presented just before Christmas and approved by Storting, the government estimated that the price per barrel would be 180 kroner in 1986. On this basis the Finance Ministry estimated that oil revenues for this year would amount to 38.1 billion kroner. OPEC, which recently issued its controversial report on the Norwegian economy, estimated that oil would sell for 187 kroner per barrel in 1986. AFTENPOSTEN has learned that the Finance Ministry has made calculations showing what would happen if the price per barrel falls to 145 or 110 kroner. If the price drops to 145 kroner per barrel, state revenue this year will decline by 7 billion kroner compared to the budget estimate, but if the price falls as low as 110 kroner per barrel there will be a drop of 14 billion kroner in state income. For purposes of comparison, we can note that the entire Defense Ministry budget for this year amounts to around

15 billion kroner. However we must remember that declining oil prices do not have an exclusively negative effect on the national budget and that is why adjustments are being considered in both outlays and revenue estimates.

Best Time

Although it is always politically difficult to propose budget changes and cuts, the government apparently feels that the best time to make such a move is right now. The prevailing view is that a move of this kind is harder to carry out politically as we approach another election campaign. The government has a clear recollection of the last election campaign when the opposition picked up votes on the strength of its constant demands for additional spending in virtually all areas.

Bank Director Sees 'Imbalance'

Oslo AFTENPOSTEN in Norwegian 14 Feb 86 p 33

[Article by Ole N. Hoemsnes, Truls Martinsen, Cecile Nordland and Morten Wang: "Norwegian Course Change Imperative"]

[Text] A sharp rise in unemployment, big public budget deficits and a substantial loss of competitiveness could result unless the government makes changes in its economic policy. That was central bank director Hermod Skanland's bleak forecast for the Norwegian economy. In his first annual speech to Norges Bank yesterday he strongly condemned the government's expansive fiscal policy and unrestrained credit policy, stressing that Norway, with its oil-dependent economy, has no choice: there must be policy changes before it is too late.

The head of the central bank placed special emphasis on the fact that Norwegian dependence on oil revenue is a constant problem and that the current drop in oil prices simply underlines the problems facing us. He also pointed out that the pressure on the Norwegian economy is so great now that it will be really hard to take steps to effectively correct the imbalance in our economy.

The main criticism of the government was that it has pursued an expansive fiscal policy in a period of prosperity and combined it with a credit policy that inevitably led to an explosion in credit availability. The message from Norges Bank is that the regulation opportunities we once had no longer work and that the government must assume the responsibility of cutting public budgets. He also maintained that Norway must be very cautious because future oil income is so uncertain.

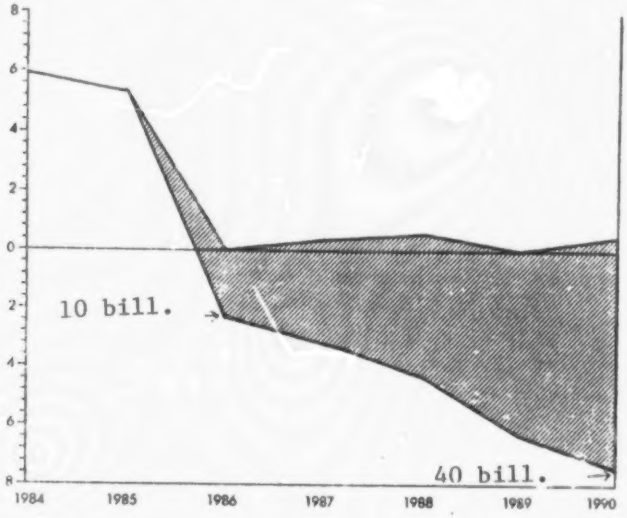
Tighter Fiscal Policy

"The most important thing now is to have a fiscal policy based on outlays that do not exceed the income one can count on in the long run. Such a fiscal policy based on long-term balance means that we must refrain from solving problems that may seem urgent by increasing public budgets," Skanland said.

He made this point at a press conference in connection with the annual speech yesterday and added: "It is reasonable to check costly reforms." He also said that austerity measures should start as early as this year and that the government should concentrate on reducing outlays, especially in the form of subsidies and transfer payments.

"A long-term budget balance also means that we must control our commendable desire to solve employment problems with an expansive fiscal policy," said Skanland. He pointed out that our ambitious employment policy goals have led us into an expansive policy in a period of economic growth. He also underlined the need for a change in the tax system and said that a gradual implementation of necessary tax reforms would lead to correspondingly gradual economic improvement.

"Many nations have shown that it is necessary to come to the edge of the precipice before turning aside and starting to make the steep climb upward. Couldn't we try to change direction while the going is still easy?"



If oil prices do not rise from the current low level, 138 kroner per barrel as of 7 February, we will have steadily rising deficits in our operating balance in the years ahead. In 1990 the deficit will be 40 billion kroner.

Prospects Bleak

Skanland illustrated his perspective of the Norwegian economy with a model of the effects of a continued expansive fiscal policy under present budget limits. In addition to mentioning the dangers of increased unemployment, rising export deficits and a further decline in competitiveness, he said that a continuation of present policies and trends would make our economy even more dependent on oil.

"To produce a balance in the 1990 operating account, the real price of oil in terms of Norwegian kroner must increase by around 40 percent over the current level, which is set at 140 Norwegian kroner in the model. But we know very little about future oil prices and have no probable price estimate on which we can base our plans," Skanland said.

He demonstrated that with an oil price of 140 Norwegian kroner we would have a sizable deficit in the national budget. Oil prices are now down to 116 kroner and even with a price of 140 kroner we would have the same debt and interest burden in 1990 that we had in 1980.

"With a deficit resulting from declining oil prices the state must finance its budget by borrowing money. The deficits cannot be financed by drawing on cash reserves for more than 1 or 2 years," said Skanland. He pointed to the consequences of state borrowing. If the state borrows money inside the country it will lead to reduced consumption and thus lower employment. If money is borrowed abroad, interest payments will put a sizable strain on our foreign trade balance in the years ahead.

"We were able to pursue such a policy with some success in the 1970's because we had fairly reliable expectations of a sharp increase in revenue in the years ahead. Today the cost of borrowing, real interest, is about twice what it was then and our expectations of revenue increases are much less reliable," Skanland pointed out. He also stressed that these bleak prospects apply to the situation if the government continues to pursue an expansive fiscal policy and said that a clear political resolve to change this trend is required.

"We must face the fact that the possibilities of regulating our way out of problems that stem from our policy are limited and that they are declining. This makes it all the more necessary to do something about policy," Skanland said. He pointed out that credit budgets are routinely exceeded and that regulations have little effect because loans and credit available simply shift to the unregulated market.

He also said that the effect of currency regulation is gradually diminishing, although it still makes a substantial impact.

He criticized the unrestrained credit policy combined with an expansive fiscal policy and advised the government to adjust its assumptions so that it can pursue an effective policy.

Moderate Contracts

"The situation indicates that there is no room for an increase in real income. It is not my intention to issue any directive to the factions in the contract settlements, but it is quite obvious that this year's contract negotiations will help to determine employment developments," Skanland said. However he also said that income policy is the government's responsibility and that the authorities cannot push responsibility for moderate contract settlements onto labor market factions.

LO Leaders Used to Gloomy Forecasts

"Doomsday predictions prior to contract settlements are as regular as the settlements themselves. We are used to them," Norwegian Federation of Trade Unions [LO] deputy leader Leif Haraldseth told AFTENPOSTEN. "They usually come from the Norwegian Employers' Confederation. This year they are being made by the government and the new head of Norges Bank," Haraldseth said.

Skanland issued strong warnings against the current contract system and said that appeals for moderation do not reach the job sites, where wage developments are now determined. He also said that this spring's wage settlements will affect jobs far into the 1990's and that we have 20 years of experience to prove that the present contract system leads to a steady weakening of competitiveness and that it probably does not safeguard employment either.

LO's deputy leader called Skanland's description dramatic. "The Norwegian labor movement has been responsible in handling wage rates. It will be no different this time," Haraldseth said.

He admitted that LO's dilemma with regard to income policy is the sharp increase in the local part of wage formation at the expense of the central portion, but pointed out that this is decided by two sides. "I cannot remember that there have ever been disputes about local settlements. Both employers and employees must share the responsibility for this development," he said.

"LO has always taken employment into consideration. We will continue to do so in these contract negotiations," said Haraldseth. "But our actions are not the sole deciding factor. When it comes to employment we in Norway are very dependent on what happens in the international community," he said.

Strong Political Attack

Kreditkassen's chief economist, Tormod Andreassen, regards Hermod Skanland's speech as a strong attack on Norwegian politicians who think in shortsighted terms. Skanland's criticism is in line with OECD's criticism. "It is quite justified," said Andreassen.

The overall guidance of the Norwegian economy is a political responsibility. "Politicians cannot go on blaming each other when developments go the wrong way. They have a mutual responsibility," said Andreassen who said that some of Skanland's future predictions might be too pessimistic.

Andreassen also emphasized Skanland's views with regard to currency regulations and the fact that they may not be as effective as we might wish.

"I think he should have gone all the way and recommended the total elimination of the regulations," Andreassen said.

Time to Appoint New 'Growth Committee'

"The situation in which we find ourselves should make us think ahead. We must use our intelligence and our mental capacity to find out how we can live without the oil income, as we were able to just a few years ago," director Kristian Asdahl, chairman of the board, said at the annual meeting of Norges Bank yesterday.

Director Asdahl felt it was reasonable for the government to cooperate in establishing a broadly based "growth committee" to look into and deal with an issue like this. Such a committee should consist of imaginative people with broad experience in Norwegian and international business activities.

"New development and new jobs should be high priorities in the future and this should be something everyone can agree on, regardless of political conviction," Asdahl said.

The loss of oil income means fewer public resources for vital purposes. We can live with moderate deficits in the national budget for a short time and in a transition phase, but in the long run we must have balance. This means either higher revenues--or lower outlays.

"No business in this country would sit calmly by and see export revenues of around 37 percent of the firm's total exports reduced to around 10 percent. That is what could happen now with our oil revenue in relation to total exports," said director Asdahl.

He also commented on Norges Bank's balance sheet, which was approved by the board of directors of the bank yesterday. The exchange rate development last year, with a falling dollar, produced a sizable exchange loss of around 9.7 billion kroner. The exchange rate adjustment fund has now been reduced from 25 percent to around 16 percent of currency assets and other assets that are vulnerable to exchange rate fluctuations. The goal is to increase this to 20 percent, Asdahl said.

After last year's loss the exchange rate adjustment fund stands at 21.6 billion kroner. Currency reserves have risen from 87.4 to 112 billion kroner and Norges Bank's administrative capital has increased by roughly 42 percent--from 98.6 billion to 141.3 billion kroner.

Some 58 percent of the foreign exchange reserve is in dollars. Last year the figure was 67 percent.

The chairman of the board dismissed criticism that the bank does not have more money in dollars when the dollar is rising and that it has too much in dollars when the dollar is falling.

Norges Bank must take a number of things into account in its management--and short-term currency speculation is not one of them, Asdahl said.

Politicians Could Do Better

The chairman of the Storting Finance Committee, Anders Talleraas, said that politicians should take to heart the criticism about pursuing a fiscal policy that is too expansive. He admitted that politicians are not very good at saying no.

"This was especially apparent in the debate on the 1986 budget. A few warning shots may be necessary," said Talleraas. He agreed that politicians in Storting could do better when it comes to long-range planning.

Anders Talleraas did not think central bank chief Hermod Skanland's speech would have much political impact by itself, but in combination with the OECD criticism and the situation on the oil market it should have some effect.

Talleraas was in full agreement with Skanland's emphasis on adjusting spending to match our resources.

Newspaper Supports Expenditure Warnings

Oslo AFTENPOSTEN in Norwegian 14 Feb 86 p 2

[Editorial: "Serious Annual Speech"]

[Text] Norwegian central bank chief Hermod Skanland's speech at the annual meeting of Norges Bank yesterday provided a basis for serious reflection. His description of the Norwegian economy and his analysis of the long-term problems were very interesting. We think the annual speech could be read profitably by many people who are making demands on society today--whether they be politicians, organizations or other groups.

It is correct to start out by mentioning that Norway's economic development has been favorable in recent years. We have had more growth in employment than ever before. Our unemployment is negligible compared to a number of other western countries. There is actually a shortage of labor in vital branches. Price increases have been moderate and our net foreign debt is now only 8 percent of Gross National Product compared to a high of 47 percent.

In other words the financial position of the Norwegian state is strong. But there is a big reservation to the present bright picture. Big petroleum revenues have made a substantial contribution to the good results. They have also given us greater freedom of action and a foreign economic surplus. According to the head of the central bank, Norway has won gold and silver medals in the economic sector because petroleum revenues "have given us a big boost in comparison with our competitors."

A central question today is whether this development trend will continue. And it is here that Skanland's analysis of the prospects is most interesting. His main theme is that fiscal policy must be based on the premise that spending should not exceed the revenue one can anticipate in the long term. In view of the fact that Norway has become so dependent on oil revenues and that it is very uncertain how large they will be in the future, this creates special problems for our country.

Bank chief Skanland illustrated the importance of oil prices for the Norwegian economy up to 1990 from various points of view. The conclusion was that our foreign economy has become highly sensitive to price fluctuations. With the "current prices" and the "current policy," a big imbalance will be created. We can risk going into the 1990's with a debt as big as the one we had at the beginning of the 1980's--and with an interest burden that is a good deal heavier.

Do we have any control over the future outlook? Would it take a series of "political impossibilities" to change it, as bank director Skanland put it? He thought Norway could do a good deal. We agree with him on that point.

Among other things we must refrain from solving tasks that seem urgent by increasing public spending. The last billion in the national budget has a big negative impact on the deficit and does a lot of damage to a tight economy.

The biggest responsibility rests with the political authorities that shape fiscal policy, but credit institutions and labor organizations must bear their share. And the head of the central bank is quite right that this year's income settlements will affect jobs for the rest of the 1980's and well into the 1990's. These prospects are part of the picture too.

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BRIEFS

NONPERFORMING LOANS--A report by the Confederation of Portuguese Industry [CIP] projects that doubtful debt has surpassed 400 million contos in 1985, an increase of about 24 percent over 1984. In the report quoted by the NP, it is estimated that 405 million contos is the current total of bank loans in arrears and difficult to collect. The report also compares the marked increase in doubtful debt and progression of interest rates on one year loans from 1979 to 1985. It should be noted that doubtful debt, according to Bank of Portugal statistics, reached approximately 326.7 million contos in 1984. During the 6-year period studied in the CIP paper, interest rates rose from 20 to 29.5 percent while the amount of doubtful debt quadrupled. According to the CIP's figures, it rose from 106.4 million contos in 1979 to 405 million contos in 1985. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 22 Jan 86 p 7] 9935/9738

RISE IN PUBLIC, PRIVATE CONSUMPTION--The government projects in its planning options bill that there will be a 3.5 percent increase in private consumption and a 1 percent increase in public consumption this year. This bill also contains projections of a 5.5 percent increase in exports of goods and services and a 6 percent increase in domestic demand. Imports of goods and services are projected to increase by 10.5 percent. This bill received cabinet approval on Friday and was given to the National Planning Council for its opinion. It also projects that the current accounts balance will go from a positive $100 million in 1985 to a negative $700 million in 1986. In addition to a 4 percent growth rate, which had already been anticipated and announced, the government also alludes to a positive reversal in capital investment in the order of 10 percent by volume. This figure is the results of a 20 percent increase in government spending, a 2.8 percent increase in the nationalized industries and 10 percent increase in the private sector. The bill will be sent to the Assembly of the Republic after the executive branch receives the council's report and studies it. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 25 Jan 86 p 1] 9935/9435

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END

BRIEFS

ENERGY CONSUMPTION UP 7 PERCENT--Total domestic energy consumption grew by 7 percent during the two-year period 1983-85, the Central Statistical Bureau reports. At the same time, domestic consumption of electricity rose by 11 percent. Corrected for temperature, electricity consumption showed a rise of 7 percent. The sharp growth is being blamed on increased activity in energy intensive industries and wood processing and on an unusually strong increase in private consumption. During the last two years, real prices for heating oil have fallen while electricity prices have risen. As a result, some types of oil are now competitive with electricity for heating purposes, it is maintained. [Text] [Oslo AFTENPOSTEN in Norwegian 5 Feb 86 p 36] 13033/12790

INDUSTRIES SEEK INCREASED ENERGY--Extensive investments by five of Norway's largest industrial concerns has resulted in these energy-intensive industries now asking the Ministry of Oil and Energy for the allocation of 6 billion kWh of new energy by the year 2000. This amount of energy corresponds to water power development projects costing 15 billion kroner, or six times the resources of the Breheim project which is now in progress, writes BERGENS TIDENDE. Norsk Hydro and the Eikem Concern head the list of those seeking more energy--each with an estimated additional requirement for two billion kWh. The Aardal and Sunndal Works (AaSV) and Statoil follow next with a billion kWh each for their expansion programs. [Text] [Oslo AFTENPOSTEN 5 Feb 86 p 36] 13032/12790

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OIL PRICE FALL SAVINGS MAY NOT FILTER DOWN TO CONSUMER

Government to Use Savings

Lisbon EXPRESSO in Portuguese 24 Jan 86 p 20

[Excerpt] Despite this week's spectacular decline in the price of a barrel of oil on the international markets, the prices of fuels will not be altered, a Trade and Industry Ministry spokesman told EXPRESSO. The government intends to take advantage of this favorable turn of events--to which we should also add an anticipated 10 to 15 percent decline in the dollar's exchange rate for 1986--to balance the books of the defunct Supply Fund.

Forecasts made by American and English experts agree that there will be an overall decrease in fuel prices along the same lines as last year's decline, in some countries, after crude oil prices fell. In addition to consumers, the airlines and some industries will also benefit.

To maintain current fuel prices in Portugal would then be contrary to this tendency and these forecasts. To maintain artificial prices that hurt the consumer seems to be a way for the government to "fill in the holes."

Yesterday's price per barrel of crude was $20 while the average cost a year ago was $28. All indications are that the decrease will not stop here. It could shortly reach the $14 per barrel level, which would be less than half the $34 per barrel that existed in 1980, the highest price ever.

Significant Savings

The secrecy with which Portugal looks at everything related to oil prevents us from calculating the precise benefits our country may be able to get from this price decrease. Petrogal deals with government officials and they with Petrogal without officially providing concrete figures on existing contracts that assure the nation's supply of oil.

It is known that Portugal imported approximately 6.8 million tons of crude oil in 1984. This oil was valued at $1,396 million, based on an average price of about $28. If the same amount of oil is imported and we maintain the same rate of exchange for the dollar and the escudo then Portugal could save somewhere around $400 million, that is, just a little more than 60 million contos, in the event the price of crude oil settles around $20 per barrel.

The anticipated decline in the value of the dollar may also benefit Portugal's crude oil imports if the escudo's devaluation, which is to resume in March, does not nullify that benefit. The escudo lost 30 percent of its value relative to the dollar in 1984. This, in itself, caused Portugal's oil bill to increase by 53 million contos and significantly canceled out the gains made through the decrease in the per barrel price of oil.

Savings Counterbalanced by Consumption Rise

Lisbon DIARIO DE NOTICIAS in Portuguese 26 Jan 86 p 5

[Excerpts] According to the experts, the anticipated decrease in the price of oil on the world market to $14 per barrel could mean savings of 100 million contos for Portugal; a one-third cut in the energy bill.

According to ANOP, the figures are based on the fact that Portugal imported 63 million barrels (9 million equivalent tons of) of oil at an average of $24 per barrel which makes the total energy bill 300 million contos. A 60 percent reduction in the price of a barrel of oil could decrease this bill to 200 million contos.

Increased Consumption

According to the sources contacted by ANOP, the anticipated reduction in the nation's energy bill may not fully take place. Estimates are that there will be an increase in energy consumption in Portugal. In effect, the government anticipates a 4 percent increase in Gross Domestic Product.

This type of increase in GDP, i.e., growth of the economy, requires an increase in energy needs of about 360,000 equivalent tons of oil, according to these same experts. They base their estimate on the assumption that a 1 percent increase in GDP will mean a 1 percent increase in energy needs.

This assumption is justified by the fact that the GDP elasticity (a measure that indicates how much of an increase in oil consumption there will be when the nation's GDP increases 1 percent) vis-a-vis the nation's energy needs is currently 1.3.

Nevertheless, the experts contacted by ANOP stressed that we could make an optimistic elasticity assumption if we consider the efforts made to conserve energy during the last few years, particularly by not going through with the creation of high energy consuming industrial projects.

The fact that 1.5 million equivalent tons of oil are refined products also does not negate the analysis since it is generally accepted that a decrease in the price of raw materials will be proportionally reflected in refined products.

In addition, a decrease in the prices of coal and natural gas is also anticipated because these products use oil prices as an indicator. Oil will, therefore, not become competitive as it goes below certain levels because of the dragging effect it has on its substitutes.

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West Europe Report

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NORWEGIAN EDITOR AUTHORS BOOK ON NORDIC TIES WITH USSR

Stockholm SVENSKA DAGBLADET in Swedish 7 Feb 86 p 6

[Article by Margit Silberstein]

[Text] Oslo--The Soviet Union is evincing an ever-growing need to demonstrate to the Nordic countries that they constitute a strategically important and sensitive neighboring area as far as it is concerned. The clearest and most brutal demonstrations of that fact are being directed at Sweden.

So says Norwegian Jahn Otto Johansen, formerly a correspondent in Moscow for Norwegian Radio and now its Washington correspondent, in a recently published book. Johansen is considered to be one of Norway's most respected experts on the Eastern states. He has written several books on Finland and the Soviet Union.

In his latest book--"The Soviet Union and the Nordic Region: Confrontation or Neighborly Relations"--Johansen declares that the days when one could label the Nordic region Europe's peaceful and conflict-free corner are gone.

Relations between the Soviet Union and Sweden are especially conflict ridden and problematic. While working on his book, Johansen consulted about 30 politicians, government officials, and security experts in the United States, the Soviet Union, and the Nordic region.

When he met with the press in Oslo, Johansen said: "The security debate in Sweden is so inflamed that the Swedes with whom I spoke did not want to risk expressing themselves officially for fear of what Palme would say."

According to Johansen, the Soviet Union feels that Swedish neutrality policy sides with the United States. As long as the Swedes continue along that line, the Soviet Union is going to use ruthless methods--submarine intrusions, for example--to tame Sweden. The argument in the Kremlin, according to Johansen, is that the sooner Sweden recognizes the Soviet Union's dominant position in the Baltic Sea, the better. The author says that consideration of Prime Minister Olof Palme's zone diplomacy can come later.

Palme not Moscow's Man

"Palme is not Moscow's man, contrary to what is being claimed in the Swedish debate, in which personal attacks are becoming more and more prominent. The Soviet leaders know that Palme is ideologically anticommunist and that he seldom misses an opportunity to point out the Soviet system's shortcomings. But Palme is preferable to Sweden's opposition leaders because he is a source of irritation to the Americans," says Johansen.

Logic of the People's Home

In his book, he coins the expression "logic of the People's Home" with special reference to Sweden. What he means is that the Swedes believe so readily that logic in Sweden is the same as logic in the Kremlin.

"They assume that the Soviet leaders approach security policy matters in the same way that would be considered natural in the ministries of foreign affairs and on the defense staffs in Stockholm, Oslo, and Copenhagen. The result is that they underestimate the geographic and historical perspective that governs the way in which Soviet leaders think and act."

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TRENDS, IMPORTANCE OF UPCOMING PRESIDENTIAL ELECTION

Zurich DIE WELTWOCHE in German 6 Feb 86 p 10

[Article by Inge Santner: "Black Kurt or Red Kurt, That is the Question--The Austrian Presidential Election Will Set the Course of Domestic Politics for a Long Time"]

[Text] A number of things are sure. The name of the next Austrian president, for the first time, will be Kurt--Kurt Waldheim or Kurt Steyrer. He will be a robust man in his sixties. And with astute foresight he married a pretty "first lady" way back.

What is also sure is that he will be an estimable personage, not without faults but honorable, even honest (which is not necessarily a matter of course among politicians in Vienna these days), and certainly presentable internationally .

Just about everything else is up in the air at present, during the final phase of the hottest, and probably also most expensive, presidential election campaign in the history of the Second Republic. The vote on 4 May 1986, it happens, will not only determine who, as head of state, may move into the Hofburg, seat of emperors in the past, and stride through Maria Theresa's bedroom every day; it will also set the course of domestic politics for what may turn out to be a long time.

The Austrian president, one should be aware, cannot be compared to the Swiss. He is named by the people of the nation--to be more exact, by the 5.3 million citizens over 19 years of age--in a direct election, stays in power a full 6 years, acts as commander in chief of the Federal Army, and enjoys considerable power in a number of other ways. It is up to him to form and dismiss a government, to appoint all major persons of responsibility in public life, and to conclude state treaties with foreign countries. In addition he can issue emergency decrees and dissolve Parliament as well as provincial diets.

True, most of these rights do not take effect except in a crisis. Never since the end of World War II has a president dissolved Parliament, let alone ruled by emergency decree. Yet there are not many European heads of state with similarly ample powers.

What is more, there are an exceptional lot of things at stake in this presidential election for both major parties--the SPOe [Austrian Socialist Party] in power and the OeVP [Austrian People's Party] in opposition. More urgently than ever before, each hopes that its candidate will win. The Socialists, who have furnished every president since 1951 and already count the highest public office among their very own fiefs, would like to overcome their present low with the help of another victory. If a Red conquers the Hofburg once again, they figure, his party will quite automatically appear to be in charge of the political scene. All of a sudden the scandals of the recent past, from A for Androsch to V for VOEST [United Austrian Iron and Steel Works], will be forgiven, and things will be going up again.

The People's Party people, on the other hand, who so far grotesquely have been unable to take any real advantage of the government's constant bad luck, hope that a conquest of the supreme post in the republican hierarchy will be the crucial signal for taking off. With a bourgeois in the Hofburg, they would have enough courage and will to fight to perhaps win the 1987 parliamentary elections as well and at long last, after 17 years, shed the hated role of opposition.

Highly motivated in this way, the SPOe and OeVP at an extremely early stage began their search for a suitable successor to the current president, Rudolf Kirchschlaeger, who has served two terms and, in accordance with the constitution, cannot be reelected again.

The People's Party was the first to come up with someone. In March 1985 already, it presented a candidate who surely is just about as well known among the public as can be--former UN Secretary General Kurt Waldheim, who, though he has not acquired Black party membership to date, "all his life has professed the Christian Weltanschauung and supported the socialogical objectives of the OeVP."

Only shortly thereafter the SPOe made its move. It opted for Health and Environment Minister Kurt Steyrer, a dyed-in-the-wool Socialist with a medical career whom, in the opinion of Minister of the Interior Karl Blecha, "simply everyone finds likable."

One can hardly deny that the two Kurts have a number of qualities in common. Waldheim (born 1918) and Steyrer (born 1920) are regarded as consensus politicians ready to trivialize ideological boundaries. Each describes himself as a "candidate for all Austrians." Both cling to the exemplar of Kirchschlaeger, who, though originally nominated by the SPOe, has administered his post to the full satisfaction of the OeVP as well.

The differences between Kurt and Kurt are incomparable more striking, however. Both in looks and in temperament it is hardly possible to imagine any greater contrast, and the contrast between their election campaign strategies has turned out to be correspondingly great.

A Dirty Fight Is Being Expected in Both Camps

On one side you have the discreet tall Waldheim. There always is something not reproachable about him. His friendliness does not radiate any warmth, his speeches lack spontaneity. WOCHENPRESSE calls him "a combination of conservative thinking and perfectionism." Others praise his ability to bow forward and backward at the same time. His long diplomatic service (he was of course Austrian foreign minister before he joined the United Nations) has put its stamp on him, almost given him his identity. He would probably also maintain his composure at the moment the world comes to an end, reviewing quickly the relevant rules in the long since yellowed manual for officials of the Austro-Hungarian court.

The line of advance of the People's Army thus appeared to be almost predetermined. "Sir" Waldheim is to be marketed as a statesman who knows his way around in the world, as a prominent friend of prominent friends who can refurbish Austria's tarnished reputation abroad, as an untiring "peace general" of pragmatic acumen who wants to use his rich experience in the most complicated job in the world for the benefit of his country, because citizen of the world Waldheim after all has always also been a citizen of Vienna--or rather is "a citizen of Vienna who matured into a citizen of the world."

On the other side, you have the tanned gray-haired Steyrer, a smart man of society, a kind of slightly aged ski instructor, who likes to chat, and gladly dances even with the oldest women voters. His constant smile does not look quite frozen even after 12 hours have passed, and his doctor's voice, honed for decades to provide reassurance, arouses confidence. In short, Steyrer makes the impression of a man you can touch.

This is exactly how he is being marketed. Without pause he is sent out to "mix with the people," distributing red or white carnations and shaking hands (probably 300,000 of them by 4 May--an Austrian election campaign record). Whereas Waldheim preferably talks about foreign policy, he likes green subjects. He also apparently likes green photos--for example, those showing bare Steyrer legs taking a refreshing bath in mountain brooks. These really fit in superbly with the honorable title of "father of the environmental offensive" which SPOe strategists have given him with studied exaggeration.

As late as early fall of 1985, all Austria figured on an easy triumph by Waldheim. Opinion polls at the time gave the OeVP candidate a 17-percent lead. In the meantime the confrontation has become more dramatic, however. For some weeks, since he resigned his ministerial post to devote himself fully to the election campaign, Steyrer has made up a lot of ground. The gap is visibly closing, amounting now to no more than 5 to 8 percent.

Additional suspense is provided by two outsiders--the extreme right German-nationalist candidate Otto Scrinzi and the Red forest land defender Freda Meissner-Blau. Though they do not have the slightest chance of victory, they might attract a lot of protest votes, thus perhaps forcing a runoff election.

So it certainly will not be boring between the Bodensee and the Neusiedlersee in the weeks to come. Realists in both major camps are probably right in expecting a dirty fight and a literally exhausting neck-and-neck race.

Whichever Kurt, the Black or the Red, is the first to reach the post in the end, chances are that the Austrians will get a somewhat battered president. It is just not possible to weather such an inordinately long election campaign without any injuries.

But what of it? They will heal soon. Kurt I will definitely have reason to rejoice. He will be sure of 6 years' almost submissive veneration, for as far as the Austrians, with their dogged respect for authority, are concerned, the head of state is not an ordinary human being, let alone an ordinary politician. He sits on his throne, a combination of stylite and ersatz emperor.

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POLL SHOWS STRONG GAIN FOR PARTIES FAVORING EC REFORMS

Copenhagen BERLINGSKE TIDENDE in Danish 2 Feb 86 pp 1, 6

[Article by Carl Otto Brix; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Gallup poll that was conducted at the height of the "package debate" shows gains for the Conservatives, the Socialist People's Party [SF] and the Liberals and declines for all the other parties, which would put the Left-Socialists [VS] and the Progressives [FRP] below the cutoff limit for Folketing representation.

Disagreement in the Social Democratic Party over the EC package had a clear impact on the party's voter support level. In the Gallup opinion poll, conducted while the debate was at its highest point (between 16 and 28 January) support for the country's biggest party fell to around 30 percent, which is 1 1/2 percent lower than the party's support in the election and clearly below the figures the party has had in polls taken since 10 January 1984.

Gains were made by the Conservative Party, which has never been as strong as it is now, the Socialist People's Party and, surprisingly, the Liberal Party. The Liberals have been declining in the polls ever since the 1984 Folketing election.

There were declines for all other parties and two of the parties currently represented in Folketing, the Progressives and the Left-Socialists, fell below the 2 percent cutoff limit. According to the poll none of the parties that are entitled to nominate candidates but are not currently represented in Folketing received a rating above the 2 percent limit. Not even the Greens, who got a rating of more than 2 percent in one poll.

That would leave only seven parties with Folketing representation and if we try to evaluate the balance of strength between the government coalition parties and the Social Democrats plus SF, the two sides have equal levels of strength. The position of the Radical Liberals as the decisive factor in the balance is not affected in spite of the party's loss of support.

In the poll 7 percent of the respondents backed parties that did not get more than 2 percent and would not be entitled to representation. That makes the seats "cheaper" for the other parties, giving the Social Democrats one more seat despite their decline. There is some unreliability attached to the distribution of seats for the 175 representatives elected in mainland Denmark.

Table 1. Distribution of Seats

Party	Poll	Election
Social Democrats	57	56
Radical Liberals	7	10
Conservatives	50	42
Socialist People's Party	27	21
Center-Democrats	5	8
Christian People's Party	4	5
Liberals	25	22
Left-Socialists	0	5
Progressives	0	6

Table 2. Political Index

Question: **Which** party would you vote for if we had a Folketing election tomorrow? Interview period: 16-28 January 1986. Answers in percentages.

Party	10 Jan 1984	Sep 1985	Oct 1985	Nov 1985	Dec 1985	Jan 1986
Social Democrats	31.6	33.0	30.9	33.4	32.5	30.1
Radical Liberals	5.5	4.1	4.8	4.6	4.2	4.0
Conservatives	23.4	26.2	25.2	24.8	24.0	26.4
Single-Tax Party	1.5	--	--	--	--	--
Socialist People's Party	11.5	11.9	13.2	13.8	15.1	14.6
Green Party	--	--	--	--	2.3	--
Humanist Party	--	--	--	--	--	--
Int. Socialist Workers Party	0.1	--	--	--	--	--
Communist Party	0.7	--	--	--	--	--
Marxist-Leninist Party	0.0	--	--	--	--	--
Center-Democrats	4.6	4.3	3.4	--	2.7	2.6
Christian People's Party	2.7	2.4	2.7	2.4	2.1	2.1
Liberals	12.1	10.8	11.1	12.8	11.9	13.2
Left-Socialists	2.7	2.3	2.9	2.6	2.6	--
Progressives	3.6	2.3	2.6	--	--	--
Other parties (with less than 2 percent support levels)	--	2.7	3.2	5.7	2.6	7.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

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6578
CSO: 3613/72

POLITICAL FEDERAL REPUBLIC OF GERMANY

RAU'S FOREIGN POLICY TAKES SHAPE SLOWLY

Hamburg DIE ZEIT in German 14 Feb 86 p 3

[Article by Dieter Buhl, member of DIE ZEIT editorial board, datelined Washington, February: "Wuppertal is Omnipresent"]

[Text] What would have happened at that meeting if, instead of 30 minutes, the two gentlemen would have had several hours together? Ronald Reagan and Johannes Rau, two happy souls in politics, two generalists who like to tell jokes and collect stories--they would surely have had a wonderful time. Unfortunately there was no opportunity to explore their mental affinities. Protocol does not allow for intimate talks in the White House Oval Office. As the North Rhine-Westphalian minister president learned in past months, the same applies in the Kremlin, the Elysee Palace or Downing Street. He now knows that rituals at the highest level are both stricter and more strenuous than on inspection tours of North Rhine-Westphalia.

Possibly divining such difficulties, Johannes Rau had long managed to evade international affairs. Other than some of his brethren in office, the minister president preferred to stay in his own Land. Sticking to his home ground not only conformed to the priorities of the success oriented politician who dislikes taking his eyes off his voters. His home surroundings also met Rau's need for manifestations of loyalty and political security. Only in the past 3 years has he allowed outside winds to blow around him from time to time. His thirst for travel rose alongside the growth of his political ambitions.

Despite his increased activism far from the Rhine and the Ruhr, Rau continues to be an unknown quantity with regard to foreign affairs. How does he present himself abroad? What is he saying there? If he were chancellor, what kind of foreign policy would he pursue? Many voters still ask this question, feeling themselves confronted with riddles by the coming man of the SPD. His long years as a Land politicians hardly provide adequate information; Duesseldorf is not concerned with foreign relations. His voice was rarely heard above the hubbub of the dissensions in his own party. That is also why the 2-3 kg papers compiled by the North Rhine-Westphalian Land Press Office to document Rau's foreign affairs competence provide few indications of his ideas on international matters.

Confronted with probing questions about this lack, Johannes Rau frankly admits that he does not like to argue abstract questions, far removed from concrete situations. In other words: Conceptions, especially in matters foreign affairs, are not his thing. From his standpoint, he himself is the program. He offers a politician who presents himself with unaffected joyousness and affability, who shows himself a visitor open to impressions rather than an arrogant statesman, who talks just as informally with world leaders as with local politicians, and who does not dance the diplomatic minuet. Regional newspapers describe this kind of behavior as "patriotic as well as open to the world at large," their headlines promising homeliness coupled with far sight. Johannes Rau seems sincerely to believe that Wuppertal is omnipresent. However far from his home town, he believes in humanism, reason and good will.

A Successful Colleague

Up to now "brother Johannes'" vision of the world has turned out correct. He has been very well treated and taken seriously on his visits abroad. A real man or a nice guy. It helps that politicians everywhere tend to realize that they are meeting a successful colleague who may have an interesting future beckoning. The congratulations by Mikhail Gorbachev, 4 months after his electoral triumph in North Rhine-Westphalia, is evidence of this respect just as Ronald Reagan's amicable invitation to the White House. Should someone somewhere utter some doubts about the domestic value of its candidate, Rau's team is ready to counter them. As it did last week in the State Department, it distributes the latest public opinion polls from the FRG, and the visitor is guaranteed respectful attention.

Traveling abroad, Rau relies on his charm and wit to lighten the conversational atmosphere. His hosts like him for the same reasons he is liked at home. Admittedly, his quick wit does not always elicit happy laughter. Local bystanders tend to smile rather sourly when he lets go of witticisms like his remarks about experiences with GDR restaurants: "Socialism is wonderful but not in terms of gastronomics," or finishing a toast in the German Embassy in now dry Moscow with the words "I therefore dare lift a glass of wine on extraterritorial soil." On the other hand, they are probably more impressed than annoyed by his quick repartee. His self-mockery also is gratefully acknowledged. Addressing an intelligent public in Washington, Rau deprecated his perfectly acceptable knowledge of English by saying "I hope that my English does not offend you." In that case he could certainly count on approval of his rhetorical courage as well as of his good humor.

Modesty is another asset in Rau's foreign affairs repertoire. He jokes that "I am aware of prestige only as a hair lotion." He likes to represent himself in other capitals as someone eager to learn and listen. He flirts with his lack of experience, though the foreign affairs education of the North Rhine-Westphalian minister president is proceeding apace. He obviously enjoys referring to his latest discoveries in the course of conversation. Anyone talking to Gorbachov about Israel, to Shimon Peres about Soviet Mideast policy and with Reagan about Gorbachev, is bound to acquire first hand insights. At least he gets to know a few of the signposts in the maze of international politics.

Still, the change from father of his people to foreign affairs expert is far from complete. This is particularly evident in Rau's handling of key terms. What, for example, does he aim for in relations with the Eastern Bloc: a "security partnership," a "survival partnership," or--lately--"common security" ("...because, to my mind, the term partnership is too reminiscent of the realm of the family")? This uncertainty regarding concepts might easily be interpreted as shillyshallying. Undue caution, while consonant with Rau's needs for consensus, may easily earn him the reproach of being an opportunist--abroad as well as at home.

And yet, though often branded as a procrastinator, Rau is not slow to arrive at a decision whenever vital matters are involved. While he is unfailingly polite, foreign interlocutors soon learn that they are dealing with a man of principle. He may indeed be credited with living by the watchword he once spoke of in the eulogy for a late comrade: He had aimed "to bring about the coincidence of his actions and life with the moral principles of his political-pragmatic thought." In more simple terms: Rau intends to uphold decency, in his foreign policy too. Admittedly, he does not advertise this attitude in his foreign travels--in contrast to his recent advertising campaign at the beginning of the electoral battle. However, whenever he visits an Eastern Bloc country, he carries a long list of humanitarian cases and always seeks to make contact with the churches there; visiting Saudi Arabia, he firmly rejected the possibility of German weapons exports to the Mideast; speaking to conservatives in America, he excoriated and called cynical the toleration of poverty in wealthy countries; in Israel he did not harp on the fact of his youth. All in all, he persents himself the way he would like to be: A moralist in foreign affairs.

He has also shown steadfastness in delicate issues. A few days ago, for instance, he expressed agreement with the Federal President's call for the release of Rudolf Hess in--of all places--the New York head office of the American Jewish Congress. The reaction of his rather scared staff to the insistent questioning of the press was rather more revealing than anything he might have said himself: "For him, that is a question of humanity."

Polite and Insistent

Polite in his manners, insistent in a question of principle--that is the maxim the foreign affairs novice tries to uphold. He made it his watchword upon his much discussed visit to Moscow in 1981, when he crossed swords with Leonid Brezhnev. Rau's unequivocal affirmation of the counterarmament resolution was certainly less than welcome to the Kremlin boss. Nor did he arouse pleasure by his statement that the peace movement was fighting missiles in West and East. When, lastly, he refused to sign a communique drawn up by the Soviets, he had earned at least the journeyman's certificate as a foreign politician. Still, at that time Rau spoke in Moscow as an emissary, backed by the socialist-liberal Federal Government. He was able to act as ambassador with limited liability. Now he needs to take up a position of his own. The voters, his party and foreign countries require him to submit original conceptions relating to foreign affairs. He needs to clean house following the vituperative debates which disrupted the SPD in recent years. He needs to straighten out the party line on foreign affairs; occasionally this had aroused undue hopes in the East and equally undue apprehension in the West.

At the present time, though, Johannes Rau's image of the world displays rather too many blank spots. Indeed, we may question whether he even recognizes the necessity of a foreign policy program. Someone trusting to inspiration and personal charm at home is in danger to be content to do the same abroad. The candidate certainly does not seem equally well prepared in all his foreign travel. Moreover, he does not have the foreign policy aides required in view of the variety of his tasks. This may be the explanation why he sometimes offers slogans in place of well prepared explanations.

As of now, Rau's foreign policy exists in outline only. However, that has been enough to remove many obscurities and earn the chancellor candidate a measure of trust. In Western chancelleries, in particular, his basic principle will always earn him approval: "There will be no...German uncertainties. Our approach must needs be self-assertion in freedom; this is the common approach of the free peoples of Europe." After many years of shifting attitudes in the ranks of the SPD, this affirmation acts like a balm on irritated sensibilities in the Alliance. This calming effect is further strengthened by the visitor adding (as lately in LE MONDE): "The Federal Government is in charge of defense, the major problems of domestic and foreign affairs, and in these fields it needs reliable and useful partners. The present behavior of the Greens does not meet this requirement."

Such clarifications are well received in Western Europe and, above all, in America. After all, for many years the most important Ally had considered the Social Democrats unreliable. The Americans saw nothing but red on red, discovering in social democracy a nest of neutralists and appeasers. The introductory visit by chancellor candidate Vogel, 3 years ago, marked the low point in relations between the Reagan Administration and the SPD. The icy reception accorded the uncomfortable visitor at the time shook even the outside observer. Now it was the turn of Johannes Rau, certified by his hosts to be a "man of the center," a "sensible politician," a "charming personality" and a "confidence inspiring figure," and who equably stood up to his interrogation by arch conservatives. The compliments offered in offices and think tanks therefore reinforce the expectation that the SPD's alleged anti-Americanism will no longer serve as a topic in the FRG election campaign.

Because Rau was friendly and sympathetic, even his disagreements left no scars. He was forgiven for his rejection of SDI, his urging for a zone free of chemical weapons, his call for a new detente, though none of it was approved. Misunderstandings and profound differences of opinion persist between American conservatives and German Social Democrats, but they will no longer obstruct a well considered exchange of thoughts. Rau largely softened up encrusted judgements and prejudices in Washington. With him in charge, the SPD can once again show its face there without difficulties.

Relations with the Soviet Union present a rather more delicate problem. Rau is not in favor of unduly intensive rapprochements between his party and Soviet partners and ideas. The Gorbachev proposal for the abolition of nuclear weapons? "It might help the disarmament talks, and that is not only the SPD's opinion but also that of the Federal Government." A Land partnership between North Rhine-Westphalia and the Russian SSR? The minister president rejects that. Getting rid of the military blocs in Europe? "The present alliances will persist for many more years." More cooperation between the SPD and the communists in the East? "We must not arouse the impression that contacts with the communist parties are as much a matter of course as those with socialist parties in Western Europe."

Sparing of Rhetoric

The caution governing the deputy SPD chairman's dealings with the Soviets was well displayed after his visit to the Kremlin last September. The news agency TASS had described his meeting with Gorbachev as "friendly." The guest thereupon had his press chief Mueller-Reinig proceed to a semantic exercise. As far as Rau was concerned, the meeting had proceeded "in a calm, matter of fact and correct manner."

Such semantic gyrations may not fit in with "brother Johannes'" jovial image, but there is method in them. Rau carefully weighs his words especially in the sharp eared medium of foreign affairs. This tends to disappoint those who expect a more courageous initiative and leaves those in the dark who would like to find out more. The candidate provided a prime example of sparing rhetoric in his programmatic domestic and foreign policy speech in Ahlen. The resplendent election balloon of the "second detente" shrank down to meager objectives. His interpretation of the intensification of trade relations between Western and Eastern Europe was most easily assimilated by his audience. After all, during his trips to the East, the Rhine-Westphalian head of government mainly and often successfully worked to get orders for his home Land's industry. His plea for increased West-East cultural exchanges sounded much less cogent. It is unlikely that the preservation of European cultural identity can be managed so easily across ideological frontiers. Lastly, his call for the reduction of Euro strategic weapons system had a decidedly skimpy air. Others wish for that, too. But how does he intend to achieve this difficult objective?

So far Johannes Rau has not appeared as a missile counter and jet thrust expert, nor can anyone expect him to do so. For the time being his attractive wife Christina remains the family's expert on strategy. She wrote her master's thesis at London's Kings College on "civil defense and the nuclear balance." Will her knowledge be helpful to the chancellor candidate? He could certainly use some conceptual underpinning for his defense political slogan "getting on with one another instead of arming ourselves." His watchword on alliance policy also will not quite do for the election campaign. Though "no discussion of the alliance but discussion within the alliance" sounds persuasive, the applicant for the chancellor's office will at some time or other be able to lead the discussion.

Steering for the Center

Whether his party will follow him--that is another question entirely. Quite a few comrades must have been more than amazed to see him sitting peacefully with Reagan. Nor will his praise for the President's efforts at Geneva and his definite commitment to NATO arouse jubilation among all wings of the SPD. However, the candidate is backed by the party leadership with regard to the outlines of his foreign policy. If he wishes to keep his party together and the voters loyal, he will now have to keep steering for the center.

So far the SPD has kept quiet, whether by conviction or for tactical considerations will be seen at the latest after the election. The Federal Government alone accompanies the challenger's activities abroad with reproaches. Rau also is subjected to the accusation of carrying on "parallel foreign policy." But the reproach--rightfully--hits empty air. "Parallel foreign policy?", the accused asks ironically. "That would assume the existence of a foreign policy. Yet there is Genscher, there is Kohl, and there is Strauss." Since so many cooks are stirring the foreign affairs broth, one more is unlikely to spoil it.

Rau in fact cannot be reproached with anything yet. He has persuasively represented German interests abroad and cut a good figure on the international scene: Dignified but not stiff, witty but not superficial, patriotic but not provincial. He is certainly able to withstand comparison with world statesman Kohl. Even though he himself has trouble in describing his alternative to the Federal Republic's foreign policy, its outlines are discernible. Chancellor Rau would not allowed an embarrassment like Bitburg to happen; his tact and good sense would have prevented it. As for FRG Eastern policy, he could more credibly affirm that the Federal Republic stands four-square in the West and is nevertheless willing to step across the ideological gulf. In relations with other statesmen, he could be expected to show greater flexibility and adroitness than Helmut Kohl.

Will his foreign policy successes harvest many votes? Social Democrat Rau needs to get over other and higher hurdles with respect to the voters, in particular in economic and social policy. It is reassuring to know, though, that the chancellor candidate of the SPD is well able to hold his own in the world. Just now this has been confirmed by an experienced connoisseur of foreign affairs. Arthur Burns, former U.S.Ambassador in Bonn, prophesied that "whatever happens at the elections, he will have an increasingly important role." As regards foreign affairs, Johann Rau may confidently look forward to greater challenges.

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POLITICAL FINLAND

PAPER VIEWS POLL INDICATING SDP, MIDDLE PARTIES TIE IN 1987

Helsinki HUFVUDSTADSBLADET in Swedish 19 Jan 86 p 2

[Editorial by Bjorn Mansson: "Middle-SDP Tie"]

[Text] Support for the political parties as they face the May 1987 parliamentary election is discussed by Bjorn Mansson, based on three recent public opinion polls which show, among other things, that the battle between the middle parties and the Social Democrats over who will be the largest political bloc will result in a tie.

In the past two public opinion polls of support for the parties contributed to the political debate, and a third poll had been published the week before. All of the polls had been conducted during November and December, which makes comparision easier. The overall picture given by the three Gallup polls is of course more reliable than the picture a single poll can give. While for certain parties the results vary, sometimes widely, certain common trends can nevertheless be detected as well.

One such unremarkable trend is the left's continued decline. For the most part this can be ascribed to the People's Democrats (DFFF), whose support declines from the approximately 14 percent it enjoyed in the most recent parlimentary and municipal elections to a current rate of approximately 11.5 percent.

When projected to next year's parliamentary election and calculated in terms of seats, the loss should be even greater, given the fact that, to all appearances, there will be disunity going into the election. The Social Democrats come out better in the polls (25.6-26.4 percent), but here as well the trend is a somewhat declining one when compared with the 26.7 percent in the last parliamentary election.

Overall support for the parties of the left is now in the vicinity of 37-38 percent, the lowest level in Scandinavia and one of the lowest in all of Western Europe. Comparison should be made not only with the approximately 41 percent level of support seen in the 1983 election but also with the fact that just 20 years ago, in the 1966 parliamentary election, the left had a majority of voters behind it, albeit a bare majority! Times have certainly changed...

When the DFFF/FKP split is considered, little else is really needed for the left's one-third minority (i.e. at least 67 seats in Parliament) to be in danger. The big question will be what those voters who abandon the DFFF will turn towards in the election itself. One of the polls now points to the expected swing to the SDP, and it is possible that the left's overall strength can to some degree be so saved. On the other hand, the question is whether, after the election, with two contending communist groups in Parliament, there will any longer be something even fairly uniform as "the left" which can be counted on.

Next to the question of the left's overall strength, interest in the size of the parliamentary election will be concentrated on the battle between the Social Democrats and the middle parties to be the largest political grouping. Two of the recent polls give a decided advantage over the SDP to the new middle bloc (Center, Liberals, SFP, [Swedish People's Party] and the Christian League), while the third has SDP maintaining its current position as the largest and most attractive. This battle can therefore be expected to produce a dead heat, and the result, when calculated in seats, will obviously be wholly determined by how comprehensive the middle parties' cooperation in an electoral alliance becomes.

Among the individual center parties,the Center exhibits widely differing figures (all the way from slightly more than 16 to over 18 percent) as compared with 16.6 percent in the 1983 parliamentary election and 18.9 percent in the middle will remain and fall with the Center's Party's.

In all three polls SFP receives a higher result (4.8 to 5.4 percent) than the previous parliamentary election's 4.6. On the other hand, it should always be kept in mind that public opinion polls are the least reliable where smaller parties are concerned. The most likely conclusion is that the party's position will remain the same, with a chance for a gain.

Also remarkedly stable is the Christian Union's support of about 3 percent. An interesting detail is that two Gallup polls measured the Liberal's support separately from the Center's, and that in both the Liberal Party (LFP) is offered a certain increase in popular support: 1.7 percent as against one percent for the Center in the two most recent elections. Naturally in this case the previously mentioned caveat regarding smaller parties applies to an even greater extent, but the possibility that the LFP's regained independence showed up in the polls cannot be precluded.

Support for the Conservative Party now runs between about 21.5 and something close to 24 percent, which does not permit any conclusions, when compared to 22.1 and 22.9 percent respectively in the two most recent elections. At the very most, it is possible to speak of a slack conservative wind, but this wind had severely slackened even earlier.

Typically enough, the greatest variation show up in the three public opinion polls for the Rural Party and for the Greens. While the figures for the FLP range between 5.3 and 9.1, and those for the Greens between 4.3 and 6.6 (in the latter set of figures, however, "other" groups are included), strictly speaking these numbers show only that support for the two groups cannot be measured in the context of a Gallup opinion poll.

But the figures can also be read as proof of the theory advanced by political scientists and electoral analysts about an increased number of uncertain and so-called fluid votes who "prosper"in precisely those ideologically somewhat diffuse areas around Vennamo and the Greens. While the electoral success of the Rural Party a year from now remains a mystery, it is nevertheless clear that the Greens should be able to look forward to a handful of seats in Parliament, assuming that they succeed in running sufficiently credible candidates in enough electoral districts.

Interpretations of this sort may be made based on these three recent Gallup poll results. Another matter is that there are obviously at least as many interpretations as there are parties, for example. And, as we know, public opinion polls are no electoral returns.

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POLITICAL FINLAND

FUNDAMENTAL SOCIETAL CHANGES BEHIND NEW WIND IN POLITICS

Stockholm SVENSKA DAGBLADET in Swedish 1 Feb 86 p 2

[Commentary by Max Jacobson: "Winds of Change in Finland"]

[Text] Although nearly 1 and 1/2 years remain before the next parliamentary election in Finland, a lively debate is already underway there concerning the changes that can be expected and their effects on political life. Following a lengthy and extremely stable period, there is now speculation about the possibility that Finnish politics is heading into a more unsettled phase.

The fact that the Finnish Communist Party is splitting up and weakening is a clearly perceptible change in itself. The party has split apart irreversibly. Because of the way the election system works in Finland, this means that if the Communists present two lists of candidates, they will wind up with fewer representatives than if they had shared a single list. This will happen even if the number of their voters remains the same as before. The reformist majority group will have fewer than 20 of the total of 200 seats in Parliament, and the orthodox minority group is expected to become a miniparty with only a few representatives.

So why is the Soviet Union supporting an exceedingly small minority group so demonstratively and with all its authority? The explanation does not lie in Finland's parliamentary situation. It must be sought within the international communist movement. The CPSU has also been supporting the orthodox groups in Spain, France, and Italy even though it is aware that they enjoy less voter support than the so-called Eurocommunists. Moscow cannot accept Eurocommunism in one country without endangering the orthodox position in other countries and, ultimately, in the Soviet Union itself. Compared to guarding the unity of the international communist movement, the question of the number of communist seats in Finland's Parliament is obviously a trifle. From the Soviet Union's standpoint, a small but faithful communist party in Finland is better than a somewhat larger but unreliable party.

The reformist Finnish Communists are hoping indeed that party chief Gorbachev's pragmatic and flexible policy will eventually also influence the way in which relations with communist parties in other countries are handled. But so far there is no sign whatever that Gorbachev's reforms will be extended to the ideological sector. If anything, ideological discipline is being tightened up at the same time that efforts are being made to make the economic system more effective.

In any case, the weakening of communism in Finland is a fact. At the same time, support for the Social Democrats seems to be standing still. The result is that the Left's combined representation is on the decline. According to public opinion polls, voter support has already dropped below 40 percent. If the present trend continues through the coming election, the Left will wind up with fewer seats in Parliament overall than it has ever had in the history of independent Finland.

So what will happen to coalition government, which Finland has traditionally tried to base on cooperation between the Center Party and the Social Democrats? When the 1987 election year rolls around, 50 years will have passed since that alliance between farmers and working people took control of the government. In some miraculous way, that alliance has stood firm through the decades, even though the Finland of today has only a few farmers left and even though the number of industrial workers in relation to total population is also shrinking.

If the so-called traditional nonsocialist parties--that is, the Conservative Party, the Center Party with the truncated Liberal Party it has absorbed, and the Swedish People's Party--win a majority, there will be stronger demands for the formation of a purely nonsocialist government after a 20-year break. But it would be a mistake to imagine that such a possibility arouses wholehearted enthusiasm in all nonsocialist circles or in the business community. Broad-based cooperation in government has obviously been beneficial to the country. It has been possible to keep public finances in check, and relatively sensible solutions in the labor market have been reached. Those gains could be jeopardized if the entire Left were in the opposition. Even many nonsocialists would probably feel that the best solution would be a coalition with participation by both the Conservative Party and the Social Democrats. It would then be up to those two parties to decide whether they want to take part in that kind of cooperation as what one could call minority shareholders.

In my opinion, however, the changes in the climate of public opinion are a more important phenomenon than the shifts in the balance of power among the parties. Finland is on the way toward quickly losing its isolated character among Europe's countries. Internationalization is extending its influence to all areas of life. Public opinion in Finland is easily carried along by general currents in West Europe: the debate over the South African issue is a recent example of this.

Working in the same direction are the developments now taking place in the field of communications. Cable television, satellite television, video, and local radio have already breached the state-run Finnish Broadcasting Corporation's monopoly position. The Finnish Broadcasting Corporation's management is now planning a third television channel in cooperation with the Commercial Television Corporation and Nokia, the private electronics firm. The Finnish Broadcasting Corporation's Social Democratic top management would have found such an alliance with commercial interests unthinkable even a few years ago. And in the print media as well, developments are moving in the direction of greater decentralization in the dissemination of information: this is demonstrated above all by the sharply increased circulation of local newspapers.

The result of all this is that the trend of public opinion is more changeable and less predictable than before. It is becoming less and less possible for the politicians to control or direct it.

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CP LIBERAL ORGAN, CONSERVATIVE PAPER ON COMMUNIST PROGRAM

Communist Paper Discusses Draft

Helsinki KANSAN UUTISET in Finnish 24 Jan 86 p 12

[Article by Unto Jarvinen: "New Platform Draft Makes Picture More Precise: SKP Is Finnish Communist Party"]

[Text] The direct participation of citizens and their opportunities to contribute are becoming more and more important in the development and replenishment of our country's representative democracy, it is emphasized in the recent platform draft of the Finnish Communist Party (SKP).

It is clearly confirmed and set forth in the platform draft that the SKP will develop as a popular movement and as a party of the masses, said Chairman Arvo Aalto on the occasion of the platform's publication yesterday at the Culture House in Helsinki.

"It is assumed that democracy can evolve into self-government. This platform draft advocates a deeper and richer concept of democracy than the platform of any other Finnish party," believed Chairman Arvo Aalto.

Chairman Aalto dismissed conjectures that the SKP was shunning its traditional intellectual points of departure and drawing closer to the viewpoints of the Social Democrats. It was claimed on this occasion that the connection with Marxist-Leninist principles is severed in the draft. "In fact, such a reference is even missing in the 1969 platform of principles," observed Aalto.

SKP's Roots

Aalto described the roots of SKP principles by saying that the new "platform draft lays the foundation for a debate--a debate which rests on the traditionally great ideas of Marx, Engels, and Lenin and the theory of scientific socialism they advanced as well as on the SKP's nearly 70 years of experience--on the open problems of our society and on the issues of our nation's future."

Why begin to overhaul the platform precisely now? "When I recently explained to the Central Committee the need to revise the platform, I found at least 20 different reasons," Aalto replied and continued:

"The world and our own country have been shaken by many very fundamental changes since the SKP platform of principles was approved in 1969. Today we can study the nature of war, primarily nuclear war, on the basis of much more explicit and unambiguous data than in 1969, and in the same manner we can define our concept of--and our attitude toward--the need to prevent nuclear war."

"We and the World in the Future"

As a sign of recent change, Aalto also mentioned that disturbance of the ecological balance is a more and more common phenomenon. "Nowadays we can study problems related to the balance between society and nature on the basis of much broader data than in 1969 as well as present our standpoints and our goals on the strength of recent findings."

For these reasons, too, according to Aalto, the line of thought expressed in the platform draft is dominated "more forcefully than in our party's earlier platforms" by an international outlook, an outlook which embraces the entire world.

"Based on an analysis and appraisal of the international situation, on the nature of nuclear war, on the dire poverty of underdeveloped countries, and on the need for balance between society and nature, the platform also sets goals for Finland's future."

And Aalto became more specific: "Our aim is to examine Finland and the world in terms of the future, not just burdened by the past. In the draft, the national outlook is also permeated by internationalism, by concern for the future of all mankind."

"Equality in Party Relations"

When the platform draft was published, suspicions were expressed that the SKP's relations with Western Europe had taken priority over those with the Communist Party of the Soviet Union.

"There is a change in this draft with respect to the 1969 platform: relations with fraternal parties, the CPSU, and West European parties as well as the tasks of internationalism are examined as decidedly more far-reaching issues," said Aalto in response to inquiries. "At the same time, relations with the CPSU and West European fraternal parties are defined more precisely than in previous platforms."

Relations between the SKP and the CPSU have a rich history. The SKP is working to improve cooperation with the CPSU and other socialist fraternal parties, it says in the platform draft.

The principles of interparty cooperation are defined as equality and sovereign independence of each party, noninterference in the internal affairs of other parties, and respect for the individual path which each party freely chooses. These principles were also endorsed in a communique issued at a 1976 meeting of communist parties in Berlin.

West European Fraternal Parties

"The SKP is a Finnish--not a Eurocommunist--party," Aalto emphasized yesterday. "The SKP leadership considers it a sign of expanded international activity, not Eurocommunism, that the West European communist parties which operate in similar social circumstances are seen as natural and intimate collaborators with the SKP. The SKP considers it important to exchange ideas and strengthen cooperation with these parties."

Chairman Aalto justified the platform's expanded and "dominant" international outlook by pointing out that it has an immediate impact "not only on our attitudes and our line of thought but also on our practical politics." The first time he had an opportunity to take the floor, Aalto characterized internationalism thus:

"In this draft, the internationalist starting point of Finnish communists is set forth more meticulously and more comprehensively than in earlier platforms. The party does not reject proletarian internationalism, the international solidarity of working people.

"On the contrary, the party finds that in the struggle for peace, in the preservation of ecological balance, and in assistance to developing nations an international solidarity is needed which stands above class interests and which arises from genuine humanism in order to safeguard the existence of mankind. Our international thinking and activity take on new dimensions," observed Aalto.

SKP and Ownership

Development of the SKP as a party of the masses and confirmation of the nature of the party's "popular movement" are set forth in the platform draft. "In this connection, a more significant and more distinct viewpoint--one which takes human beings and their problems as its starting point--is adopted toward the way the state makes decisions and wields power.

"Placing the banks, insurance companies, and major business enterprises under society's surveillance is the precondition for a national economy which rests on democratic planning, but social and private ownership--as well as ownership by the state--receives considerable emphasis in the draft," argued Aalto.

It was then suspected that Aalto avoided the issue of economic power.

The task of the platform work group has been directed by Chairman Arvo Aalto. Members of the work group were assistant professor Raimo Blom, assistant professor Lars D. Eriksson, Marja Jarvela, chief trustee Pertti Kadenius, regional planner Markku Kauppinen, editor-in-chief Erkki Kauppila, parliamentary representative Arvo Kemppainen, general secretary Reijo Kakela, chairman Rauno Merisaari, editor-in-chief Yrjo Rautio, assistant principal Tutta Tallgren, SKP deputy chairman and chief planner Helja Tammisola, parliamentary representative Seppo Toiviainen, and secretary Matti Hokkanen. Toiviainen has disavowed the work group's output.

Conservative Paper Discusses Draft

Helsinki UUSI SUOMI in Finnish 28 Jan 86 p 2

[Commentary by Jyrki Vesikansa: "SKP's Theology"]

[Text] The way the communists' platform was prepared reminds me of religious disputes. As everyone knows, the churches are still bickering over the interpretation of the Trinity by the Council of Nicaea, which was held in the fourth century. The squabbling by SKP participants over reference to various mentors and catchwords in the new party platform has similar features. That is why theology is also needed in the preparation of a platform by Aalto and his disciples.

The SKP is honest when it mentions Marx, Engels, and Lenin only as eminent thinkers, not infallible prophets. The bourgeoisie also concedes that Marx furthered science when he stressed the significance of production forces in growth or that Lenin formulated an effective organization theory.

From a beginning like this, someone might imagine that I am echoing Finnish Social Democrat Aimo Kairamo, who said that by and large he could endorse the SKP's new platform draft. A statement of this kind in UUSI SUOMI would, of course, upset Arvo Aalto and delight Taisto Sinisalo.

Not that the platform contains many kinds of beautiful things, however. He who has the strength to wade through the draft--it fills five pages of KANSAN UUTISET--encounters very familiar statements for the most part. Mankind's progress, accordingly, rests on the class struggle. The capitalist snatches the surplus value from the workers' pay. The only reason for the world wars was capitalism's battle for markets and raw materials; the Nonaggression Pact of August 1939 was no more in the background than overintense national feelings. And so forth.

It is acknowledged, to be sure, that "our culture's splendid achievements and enormous intellectual and physical resources have largely been produced when the capitalist form of society held sway." The latter has offered "human beings better conditions for consciously controlling their lives than...ever before."

An entire chapter is nevertheless devoted to capitalism's continuing crisis: after all, it has lasted about 140 years if, for example, the "Communist Manifesto" is taken as the starting point. "The continuance of capitalism, despite crises, attests to its staying power," one is still compelled to admit. The self-criticism mentioned at the beginning of the draft did not lead to a discussion of the problems of a socialist economy.

All in all, SKP veterans may find the draft's text very familiar. The stock phrases are in their places: capitalism is collapsing, the Social Democrats are rejecting the working class, etc.

There are changes, however, even though they are concealed in the spaces between the traditional babble.

Among other things, a different appraisal of growth potential distinguishes the SKP draft from the ongoing debate over the CPSU platform. People in the Soviet Union still believe in the continuation of old growth and in the eventual passage into communism, where everyone receives his earthly goods in accordance with his needs, not his work contribution. Even in the Soviet Union, to be sure, it is added that first you must breed a communist man who does not demand the impossible. The SKP is approaching the Greenpeace movement in its pessimism about growth.

But the most fundamental difference concerns tactics. Development of a party of disciplined cadres was Lenin's most significant addition to Marxist tradition. The SKP is now backsliding in the direction of a reformist social democratic party of the masses.

Accordingly, "dictatorship of the proletariat" is not in the text, not even under the code name "workers' power," nor does the SKP declare itself the vanguard of class-conscious workers which knows better than others, including the majority, what to do. The SKP is "revolutionary," but the nature and methods of that revolution are not made fully clear.

Reference is made to the communist parties of Western Europe, but before that emphasis is placed on solidarity with the CPSU, which is said to have been practiced during the entire period of the SKP's existence. Was there solidarity when Kullervo Manner and Edvard Gylling, the greatest leaders of the SKP's initial stage, vanished into thin air during the purges of the 1930s?

The concept of Marxism-Leninism is not in the platform, but it is not in the earlier versions, either, from what I have heard. Is it the same issue which afflicts the Conservative Party, from whose platform no one has been able to eliminate the concepts of home, religion, and fatherland because in that form they have not been in any party platform?

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POLITICAL FINLAND

FINLAND RAISING PROFILE IN SOUTHERN AFRICA

Helsinki **HUFVUDSTADSBLADET** in Swedish 30 Jan 86 p 13

[Commentary by Rafael Paro: "Finland Raises Profile in Africa"]

[Text] On Wednesday the 5 Nordic countries and the 9 SADCC countries in southern Africa signed a joint declaration on expanded economic and cultural cooperation in Harare.

Foreign Minister Paavo Vayrynen signed the document on behalf of Finland and in a brief statement emphasized that the expanded cooperation which the declaration implies is a contribution to North-South dialogue in a wider sense. The aim is more equitable economic cooperation between the norhtern and the southern hemispheres.

Vayrynen went to point out that the political dimensions of this coopertion are obvious. Vulnerability, where aggression by the Republic of South Africa is concerned, and efforts to destabilize the region have been the primary reason for strengthening cooperation between the SADCC countries and for strenghtening the member countries' independence as well.

The joint declaration is quite in line with the policies of the Nordic countries of opposing the policy of apartheid in South Africa and of the working for the complete independence of Namibia.

The declaration is identical to the Nordic trade program which Nordic foreign ministers approved last October.

The present situation in southern Africa is marked by South Africa's aggression and current economic difficulties for the SADCC countries, making this cooperation even more urgent, Vayrynen stressed.

EEC Backing Too

Aid from the Nordic countries to the SADCC countries (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe) is already considerable. Now that several projects will be developed on a clearly regional basis, aid will also increase somewhat. But above all else it is hoped that Nordic aid money can have an even greater effect.

The Nordic countries are not the only ones to have decided to back the regional cooperation for which SADCC stands. On Tuesday a memorandum between SADCC and the EEC Commission was signed here in Harare. In this memorandum policy guidelines are drawn up for the means which the EEC will make available for the period 1986-1990 within the framework of the third Lome convention. The sum involved amounts to just a bit over one-half billion Finnish marks and is intended for projects of purely regional importance.

In addition the EEC provides aid to individual countries. Furthermore the bilateral aid which goes directly from EEC countries to some SADCC countries should be noted. If one ignores bilateral aid, in 1980-1985 the EEC put more than 5 billion Finish marks at the disposal of the 9 SADCC countries in the form of grants and credots.

Amount Open

On Wednesday the Nordic countries did not provide precise information about how much aid funding was ready to be put into the hopper.

Nevertheless, according the Vayrynen, Finland's share over the next three years will amount to approximately 800 million marks. Included in this figure are bilaterial projects as well as special regional projects within the SADCC framework.

The largest Finnish investment within the SADCC framework is directed especially at the region's communciation, harbors, roads, railroads, telecommunications, air fields, etc.

In this context two corridors are being discussed, the first from the Mozambican harber of Bevia and the second from the harbor of Dar es Salaam in Tanzania. By expanding and modernizing the harbors, the handling of goods is improved, and so the roads and railroads leading to the landlocked states, thereby lessening their dependency on South African harbors and railroads.

Finnish investment is concentrated on the port at Dar es Salaam and the port at Nacala in Mozambique. From the port at Nacala a railroad runs to Malawi and is the country's natural export and import harbor. The harbor is the only one in East Africa which does not have to be dredged at regular intervals. France, Portugal and Canada have committed themselves to restoring the railroad.

In Lesotho, Finland has helped supply the Maseru air field with lighting. For this project a total of 20 million marks will be spent.

Lastly Finnish backing through assistance on all the planning of the transport and communications structure in the SADCC region may be mentioned. A special commission is working on this planning in Maputo, the capital of Mozambique; Swedish experts are coordinating the planning.

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PAPERS VIEW KOIVISTO'S PROPOSALS FOR STRONGER PARLIAMENT

Helsinki HELSINGIN SANOMAT in Finnish 3 Feb 86 p 13

[Editorial Roundup: "Presidential Powers"]

[Text] At the request of President Mauno Koivisto, the Ministry of Justice is currently studying the possibility of amending the Constitution in such a way that the president would clearly be denied the right to dismiss a government which--or a minister who--enjoys the confidence of Parliament. Koivisto supports the constitutional amendment, but the Ministry of Justice is wavering between two opinions.

In the view of the Center Party's SAVON SANOMAT, which is published in Kuopio, the president is quite correct in principle. "If the government or one of its ministers enjoys the confidence of the majority in Parliament, that should be enough. The amendment would strengthen the power of Parliament."

The independent ETELA-SUOMEN SANOMAT, which is published in Lahti, believes that this viewpoint is premature. "Let us hope that no one turns it into a question of prestige and that people are able to ponder the issue--accepting it or rejecting it--objectively, intelligently, and above all while taking into account the country's important interests."

The Conservative Party's Pori-based SATAKUNNAN KANSA states that Koivisto's motives, at least, are above suspicion. "It would have been different if he wanted to increase presidential power." The newspaper points out that "our Constitution is so wisely written that it bends when necessary and makes it possible to function in troublesome situations, too. The distribution of power is also slightly and carefully poised in the president's favor."

12327
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POLITICAL FINLAND

PAPER COMMENTS ON CONCERN OVER MIXING MORALS IN FOREIGN POLICY

Helsinki HELSINGIN SANOMAT in Finnish 3 Feb 86 p 13

[Editorial Roundup: "Not Change But Development"]

[Text] In a letter he sent to UUSI SUOMI from Africa, Foreign Affairs Minister Paavo Vayrynen has replied to criticism by Max Jakobson according to which Finland's foreign policy line has changed on human rights issues. Jakobson was worried about the growing emphasis on morality in Finnish foreign policy.

Vayrynen denies that Finland's line has changed in its attitude toward human rights. In his opinion, it has "developed within the framework of our overall foreign policy.

"But it is true that in certain other respects public opinion is moving in a dangerous direction. This can become a problem if we do not pay attention to and perceive the issue," writes Vayrynen, who in this connection refers to the labor unions' recent activity, among other things.

According to Vayrynen, the emphasis on human rights issues has grown in international politics, and since Finland has been a Nordic member of the UN Human Rights Commission, people in Finland have shown particular concern for a course of action on these issues in recent years.

Moral Blinders

UUSI SUOMI editor and columnist Jaakko Okker also responds to Jakobson:

"Jakobson himself does not want to join the climate of opinion of those countries whose security policy is different from ours. Hence he talks about the 'basic interests of our security policy' by which he means relations between Finland and the Soviet Union.

"In plain Finnish, Jakobson's hint may mean that if we so much as criticize the human rights policy of the Kabul government, then Moscow will get mad and the basic interests of our security policy will be endangered.

"To continue this train of thought is nearly tantamount to saying that peaceful coexistence between states which differ in their social systems presumes that the weaker party renounces its own climate of opinion, its own information practice, and usually its own system.

"Or that Finland's new foreign policy--of which Jakobson himself is one of the molders--has failed so miserably that it is necessary to acquire the moral blinders together with which saddle, whip, and spurs go nicely."

12327
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POLITICAL ICELAND

GOVERNMENT TURNS DOWN SOVIET REQUEST FOR GEOLOGY RESEARCH

Reykjavik MORGUNBLADID in Icelandic 21 Jan 86 p 29

[Article: "Research Permit Revoked: The Soviets Wanted to Research Near Reykjanes [Peninsula] and Stokksnes"]

[Text] The Foreign Ministry has refused a Soviet research institute a permit to perform research of the crust of the earth off the south coast of the country which the institute intended to do in cooperation with the National Energy Authority. Minister Counselor Hjalmar W. Hannesson of the Foreign Ministry said that the request showed the Soviets' interest in sensitive areas off the south coast, for example, south of Reykjanes [Peninsula] and in the vicinity of the Stokksnesgrunnur.

The Soviets contacted the National Energy Authority directly; not the proper authority in the country, and Hannesson said that the case had therefore developed in an unusual manner. He said that the Foreign Ministry staff had then heard about these research plans by coincidence at the end of December and obtained documents concerning the plans from the National Research Council after the turn of the year, among which were the request from the National Energy Authority for a research permit and maps and other communications between the Institute and the Soviets. According to the information from the Foreign Ministry, the research vessel is small but equipped with state of the art instruments. Hannesson said that the research was to have begun January 20 and therefore they not had much time to view the matter. Last Monday it was decided to refuse the permit for the research with reference to provisions of the Laws on Territorial Waters, Economic Zone and Continental Shelf from 1979 in which it is stated that an application for a research permit must be submitted 6 months in advance. In this connection, the National Research Council revoked a research permit last Friday which it had granted by mistake, according to Hannesson.

9583
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INDEPENDENCE PARTY DEPUTY CHAIRMAN DOUBTS ELECTIONS IN 1986

Reykjavik MORGUNBLADID in Icelandic 10 Feb 86 p 12

[Op Ed Article by Independence Party Deputy Chairman Fridrik Sophusson: "Tempest in a Teapot. Reflection on the Government Coalition Cooperation at the Beginning of the Year"

[Text] "In my opinion, there are few indications that there will be parliamentary elections this year. The TIMINN [Progressive Party Organ] attacks on the Independence Party and its individual leaders are, of course, only a tempest in a teapot. But at the same time, the Progressive Party is indicating that it is prepared to change dancing partners in the next round."

On Tuesday, January 14, MORGUNBLADID carried a commentary by 'Staksteinar' about "untimely election tremors." It is stated in this commentary that it had not come forth in the New Year's articles by the political leaders that it was now time to dissolve parliament and call for new elections. "The only elections that the political parties should concentrate on at the moment are the local elections," says the 'Staksteinar' columnist.

In this same 'Staksteinar' commentary, interviews in DV are called to mind with Independence Party [S] Chairman Thorsteinn Palsson; Independence Party Youth Federation [SUS] Chairman Vilhjalmur Egilsson; Independence Party Labor Council Chairman Sigurdur Oskarsson; Thorunn Gestsdottir, chairman of the Women's Federation of the Independence Party; Pall Petursson, chairman of the parliamentary group of the Progressive Party; Unnur Stefansdottir, chairman of the Women's Federation of the Progressive Party and Finnur Ingolfsson, chairman of the Federation of Young Progressives [SUF].

Using quotes from interviews with these people, the 'Staksteinar' author draws the conclusion that there is "no election tremor among the spokesmen of the government parties," although Vilhjalmur Egilsson [SUS] has become impatient." In order to underscore this opinion, the 'Staksteinar' author concludes by turning it over to Alfred Thorsteinsson, chairman of the Reykjavik Progressive Party Association, with quotes from an interview with him in DV in which he says verbatim: "I feel that this nervousness that has entered the government cooperation reminds me of a tempest in a teapot. I think this has been created by Independence Party Deputy Chairman Fridrik Sophusson who would like to get a ministerial chair as did the chairman."

As both DV and MORGUNBLADID have published this interview with the chairman of the Reykjavik Progressive Party Association, and neither paper has seen fit to ask about my position on the matter, I feel that it is correct to relate how I have discussed the government cooperation at a meeting in Olafsfjordur, Sunday January 12 and at a Heimdallur [SUS] meeting in Reykjavik, January 13, or in other words during the two days prior to the 'Staksteinar' quote in the interview with the chairman of the Reykjavik Progressive Party Association.

TIMINN Editorial Writings

An old ghost in the Icelandic newspaper world, the TIMINN daily, was called from the death at the turn of the year when the NT [NEW TIMINN] folded and was buried in a heap of debts. Just before the Christmas recess, the parliamentarians of the leftist parties guaranteed considerable funds to their party organs from the Treasury. Their party organs can therefore continue to be published although the general public is not interested in buying them due to their contents. The first sponsor of the proposal for increased government support to the newspapers was Pall Petursson, chairman of the parliamentary group of the Progressive Party. And immediately after the turn of the year, the first issue of TIMINN , which is published by the Progressive Party and the Reykjavik Progressive Party Association, was published. Five of the six first editorials of TIMINN deal with politics. It is interesting to read the topic of the newspaper published by the Progressive Party.

The 4 January TIMINN editorial was called "Tourist Tax Hike." It is stated verbatim: "The increase of the tourist tax is a shortsighted measure. No geniuses are needed to see that it would have been better to lower the tax or abolish it completely. In fact, one would think that would have been more in keeping with the political views of the finance minister and the chairman of the Independence Party [Thorsteinn Palsson] but he now seems to be losing his political direction." And later: "Instead of increasing the airport tax, the finance minister should have lowered it or even provided more funds for a strong and powerful advertisement campaign for the country and the people as a place for tourists to visit. Instead of increasing the tax, the finance minister should have returned the 30 million kronur to the Iceland Tourist Board which will be cut from it in the Credit Budget." This is how TIMINN writes in its editorial about measures which the government parties are jointly responsible for. All Progressive Party parliamentarians voted for the tax hike.

In the next TIMINN editorial (7 January) which was called "Misuse of Power" it is stated verbatim: "It has been no secret that ever since this current government was formed, various powers within the Independence Party have planned a special ambush on the Icelandic Students' Loan Fund. The Progressives have been present to defend this and sometimes it has been difficult but they have, however, succeeded in preventing the Independence Party from implementing its plans to stage an all-out attack on the Fund in order to weaken it and make it unable to perform the important task which such a fund must perform in todays society....This is a political persecution, almost a political purge like takes place in the dictatorship countries...It is hard to believe that parliamentarians from other parties join in condemning such a way of thinking." Here the Progressive Party parliamentarians are being egged on with just provocation against the minister of education. Progressives among reformist students have already answered the call and have begun cooperation with leftists. There is no mention of the fact that the parliamentarians from the Progressive Party sponsored the cuts of funds to the Loan Fund.

The following day, 8 January, the TIMINN editorial writer is still at it; he accuses the minister of education of offering bribes and says: "It is necessary that socialists be alert in this matter, especially the Progressives, who for so long have been in the forefront strengthening the Loan Fund."

The next day, 9 January, Reykjavik Mayor David Oddsson is attacked, for a change, for the dictatorial decision of the majority to have the Reykjavik city buses yellow "without asking the king or the priest." It is not mentioned which category Kristjan Benediktsson belongs to.

The following day, 10 January, the TIMINN editorial quotes a New Year's article by former Progressive Party Minister Ingvar Gislason under the heading: "Socialists to Stand Together." The editorial writer says, among other things: "Ingvar [Gislason] emphasizes that the strengthening of socialism is imperative for the nation and resistance against marketing ideology which is incorrectly called liberalism; that this strengthening is in fact the most imperative of all practical tasks in Icelandic politics...TIMINN seconds these words of Ingvar Gislason, member of parliament and former minister of education. It is necessary that those who do not believe blindly in the marketing ideology of the rightist powers, stand together in the struggle for the society they want to create." At the same time that the Progressive Party is in cooperation with the Independence Party, it becomes "imperative for the nation" and "the most important task of all practical tasks" to work against liberalism.

These examples from the editorial writings of TIMINN which the Progressive Party Association of Alfred Thorsteinsson publishes, are not picked at random but taken from five of the paper's first six editorials after it was called back from the death at the beginning of the year.

Progressive Party in Government Cooperation

For 15 years the Progressive Party has picked as its role in Icelandic politics to be in the government, no matter what. Some fatigue has been noticeable within the party with regard to this position and some young Progressives think that the time has come for the nation to give the Progressive Party a rest for a while; give it a rest from government coalition and send it to be retrained for at least one election term. The method the Progressive Party uses to constantly be in the government is simple. Sometime during the election term they change their argumentation. In government cooperation with the leftist parties they literally become liberal and in cooperation with the Independence Party socialism takes over after some time has passed from the forming of the government. Now that time has come again. The strengthening of socialism against liberalism is the most important matter of interest according to the TIMINN order of the day. It is just this fickleness that is the reason why other parties rarely consider renewing the government cooperation with the Progressive Party.

SUS Chairman Vilhjalmur Egilsson says in an interview with DV that "the government should have looked for a new mandate long time ago and should do it." From my point of view, it is out of the question that the current government will as such look for a new mandate for the very reasons I just mentioned here above. Behind the scenes, the Progressive Party seems to have begun practicing the old party song: "Everything is Better than the Independence Party."

When Will Parliamentary Elections Take Place?

It is as clear as day that the government must get a firmer grip on economic management. Foreign debt has increased; the state treasury is run at a deficit and inflation is increasing. In order to tackle these two problems and strengthen the position of the industries, two things must take place simultaneously. On the one hand, we must make changes in the system by which state operations are run and thus reduce state expenditures. Investment cuts and "flat savings" do not suffice anymore as measures in these matters. On the other hand, the game rules in the credit market must be coordinated so that banks and the stock market competes in a natural competition. Greater relaxation in interest rate affairs strengthens savings; lowers the highest interest; eliminates usury; promotes investment profits and thus improves the standard of living.

In the coming months, it will come to light whether the Progressive Party is prepared to create conditions for balance in economic affairs based on these possibilities. At this stage of the game there is no reason to doubt the desire of the Progressive Party despite the TIMINN editorial writings. Therefore, in my opinion there are very few indications that there will be parliamentary elections this year. Probably the TIMINN attacks on the Independence Party and individual Independence Party leaders is only a tempest in a teapot. But at the same time, the Progressive Party is indicating that it is prepared to exchange dancing partners in the next round.

If the Progressive Party, however, does not have any interest in achieving results in economic affairs, the Independence Party must review its position on the government cooperation. Such contemplations are not timely now any more than is weather news about a tempest in a teapot.

Local Elections

"The only elections that the political parties should be concerned about now are the local elections." I agree with these words of the 'Staksteinar' author. The position of the Independence Party is strong in local affairs. The Independence Party has always stressed as much local self-government as possible. The government managed to get the inflation considerable down in the beginning and by that ensured the value of the municipal source of revenue. As a continuation of that, the government ceased involvement with the municipal service rates. Now the local governments alone have the right to decide on that.

Under the leadership of Mayor David Oddsson and the majority of Independence Party members in Reykjavik, it is possible to be optimistic. Victory assurance is, however, dangerous and may lead to carelessness. It can be heard still today far across Independence Party lines that the accident from 1978 must not repeat itself. Unsuccessful cooperation of the leftist parties during the last election term is a warning that should be heeded.

It is my hope and belief that in the local elections this coming spring, the Independence Party will win a victory that is based on the good work of the many Independence Party members who are in the local governments on behalf of the party all around the country and who have endeavored to strengthen and improve the conditions of the regions, each in his own locality. A good victory for the Independence Party in the local elections is not only feasible with regard to the regional interests but it also an encouragement to us who work in national affairs for the party to do better.

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FOREIGN MINISTRY FACES NEW CONCERNS

Rome LA REPUBBLICA in Italian 16 Jan 86 pp 1, 10

[Editorial by Sandro Viola: "The New Look of the Farnesina [Residence of the Italian Foreign Ministry]"]

[Text] Maybe we are deceiving ourselves, but there is a chance that the long controversy over the government's foreign policy might produce some beneficial results. The controversy has helped clear the minds of political leaders and has helped public opinion to get closer to the real and specific problems of Italy's international behavior. Situations of this kind did not occur some years ago. Italy did not have a foreign policy; television newscasts were restricted to explaining other countries' foreign policies; and when a debate arose it was always about trivial differences in internal policy, or about "unimportant pronouncements" made by the Honorable Galloni or the Honorable Intini, or the editorials of the VOCE REPUBBLICANA.

At least this time the debate was about real facts which are everybody's concern. The security of the country; the economical interests around which our diplomatic action has to revolve; the clarity (and the objections) needed in dealing with our major ally; the origin of Middle Eastern terrorism; the dangers created in the Mediterranean by the presence of such a fiery and irresponsible agitator as Colonel Al-Qadhdhafi. Compared to so many vague debates, or false debates regarding the Italian political scene, compared to the unconcerned position in which we have lived for such a long time when faced with crises in areas where the country was directly involved, then the debates of the last few weeks represent a definite step forward.

It is true that a lot of confusion was created in the haste of debate. The Honorable De Mita, for instance, creates a lot of confusion when he maintains, with outrage, that there has been in these last few weeks "the tendency to make the most of the difficult problem, of international politics for the advantage of internal politics." Now, what does the Honorable De Mita mean? Every government who governs uses foreign policy "also" to create internal approval. If we would only list all the times when this has happened in other Western countries during the last 10 years, we would fill a whole newspaper page. As a matter of fact, we do not see why local public revenue laws can be used in internal policy discussions, but not security problems, the fight against terrorism, or relations with allies. To be sure, these issues can be dangerously exploited. However, one cannot say that the Honorable Craxi's government has committed this kind of sin. There has been some showing-off, conceit, and superficial attitudes and words. But there has been no cynicism or exploiting.

What happened during the last few months is that after such a long time the Italian public opinion, pushed by a somewhat more dynamic foreign policy and by the wave of terrorism, became involved in a debate on how the country compares, acts, and exerts influence outside its own borders. There was a debate, at times even harsh, on problems which the Honorable De Mita calls (certainly not by accident) "the difficult problems of international policies," Is there anything wrong with that? We cannot see it. There was nothing wicked or dangerous in the country's approval of the Prime Minister's behavior in the Sigonella affair. There was, as a matter of fact, the public opinion's involvement and a judgment of approval.

The DC [Christian Democrat] secretary suspects that there is "an attempt on the part of some members to create maneuverability space for themselves on the emotional plane and to take advantage of this for internal reasons, if not for personal ones." As a matter of fact, the Honorable De Mita argues that "he who is in the know does not engage in pretentious polemics and does not play on emotions provided by international scenarios." The reasoning here is not very clear. However, it seems to mean two things. The first one is that "the difficult problems of international policies" are not the subject of general debates, but are confidential subjects. The second one is that "he who is in the know" has the duty to be more discreet and coherent.

The Honorable De Mita has never been prime minister and, therefore, we have no idea of how he would manage the foreign policy of his government. Maybe he would manage it with more coherency and discretion than the Honorable Craxi. But, what we do know almost too well is the management of foreign policy by the Christian Democrat presidencies that ran for years and years, in fact for decades. And there, to be sure, there were coherency and discretion of a particular nature: the coherency of inertia, discretion on nothing. Are those the models, the examples at which the secretary of the DC wants to point?

To be sure, the Craxi government has used foreign policy in order to define its image. This was done in order to point out the "personality" of this government, especially in its international behavior, its direction, and its energy, which were all so different from those in the past. Here is the reason for the "small Ostpolitik" [Eastern policy], the contacts, the reconnaissance, and the good offices in the Mediterranean area, the push in favor of the European Union in the last semester of the Italian presidency of the EC, not to mention the stand taken in the Sigonella affair, and the firm objection to the U.S. Administration's interference. It is not easy to judge these 2 and 1/2 years of foreign policy. Personally, it seems, to be positive as a whole. Others see it as flawed.

However, in the end the problem is not what grade the Craxi government should get in international affairs. The problem is something else. What are the criticisms of Craxi's and Andreotti's foreign policies hiding, the accusations of incoherency, and exploitation hurled the other day by the secretary of the Christian Democrat Party? Is there a longing for how things were in the past at the time of Rumor, Malfatti, Medici, Forlani, or Fanfani? We most certainly hope not. Because things were going very badly in those times: our inertia, our dependency on the U.S. ally took on grotesque shapes. During the last few years, and for the first time, we have at least tried to have an outline of a foreign policy. And, if many mistakes were made, they happened because it was the "first time."

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POLITICAL ITALY

SPECIAL SERIES ON FUTURE OF PCI

Rome LA REPUBBLICA in Italian 8, 9, 14, 17, 18 Jan 86

[8 Jan 86, p 7,8]

[Series of articles by Mino Fuccillo: "The Communists in the Year 2000"; first article: "Once There Was Berlinguer; A Morality for a Banner and a Fear of Standing Alone"]

[Text] One foot beyond the threshhold of the department, the other obstinately still on the sidewalk, half in and half out of the door and the party: for him at 26 communism means a state worthy of respect, a life without beggary, blackmail, and fraud, and few but certain rules of civil life. However, he almost does not believe them any more, the others, those inside sitting down, pretending to be awaiting tomorrow's end of the Camorras, big and little. They all live and survive at Battipaglia, on a cement-hard plain in the south, perhaps 10,000 families, and of these 2,000 live off public employment.

This other person is a few years older, his is one of the "new professions," he is in advertising in Milan, and for him communism means not living for career and success alone. The third works at Grugliasco, a short distance from Turin, in a factory that is the ultimate in technology. He is an operator, and for him communism means to produce, to decide together with management how to work and redistribute at least part of what was once called profit: "If Fiat triples its profits and pays us 900,000 lira a month, that is not balanced development."

In Reggio Emilia the fourth himself manages a large food company: "Produce, accumulate, and reinvest, also in services." This is how he interprets communism every day: it means the best method of creating wealth while all living a little better. The fifth lives in Padua, where the word communist still causes a slight shiver, he will be 20 years old, and describes his communism as: peace, environment, nonviolence, and sexual equality.

Two are in the Monti department in Rome, two public employees: one always and whatever the situation knocks off when his contract work shift is over, the other continues to work until his day's task is completed. Which of the two embodies the pattern of the "communist" worker? A debate with two voices then a choir, but no conclusion.

First in School and in Life

The last person comes from Naples and directs a USL in Rome; see the waste and arrogance also in his ranks: 520 salaries for 150 beds. However, Amendola had taught him that communists are the "top of their class" in school and in life. And that is all he needs in the way of a rule. He does not get rich from his occupation, sometimes he provides free medical care at PCI Headquarters and sometimes elsewhere. The working class derives its "communist" morality from the books of the postwar period, whether or not real, and this does not change.

I traveled for weeks amid the words, the life and the ideas of those who in Italy today call themselves communists: from their minds if not their hearts the communism of the "future humanity" has departed. No longer class hegemony, no longer revolutionary contradiction between capital and labor, no longer a society of equals, and also gone are a good share of the enemies. The PCI remains, but it is something else: good sentiments, good sense, moral commitment, production, accumulation, rational redistribution, intelligent guidance of this world, and no longer the bulldozer of another era. Somewhat like a society that has experience well-being, freedom and boredom with the great ideals that never become history. Little matter what is its correct name, today this is the substance of communism in Italy.

Among communists I found the need and often the practice of a collective morality, I found hope in change, even more possible when more gradual, and finally I found the undisputed certainty of production as the key to all the doors. Improve, change, produce: this is the triad. However, in regard to the efforts of the PCI, one of the three is always limping because of default of the other two.

The party of the "moral issue," the party of Berlinguer and consciences, is nevertheless not inclined to "production." The real Communist Party, the one that clings like a decal to this society, does not tolerate the reins of rigid precepts. Perhaps on the right and the left, certainly it is the opposite in the party that goes to its Congress asking itself its personal characteristics. This is what the party is talking about and wants to talk about, even if it pretends to interpret the thousand nuances of the program government. The "doing" party may be numerically stronger, but if it wins it is afraid of suffocating from asphyxia of ideas. The party of "duties" cannot win, but it cannot die. Now, both are suffering: the Congress Theses have reflected both, but taken care not to choose between them. Thus, everyone satisfied and everyone unhappy.

"Is the bruised potato losing its skin, or not?": the question quietly stirs the circle of seats and stools arranged around the stove that smells but does not heat. Trastevere, a communist district of Rome: 364 membership cards among craftsmen, retirees, and artists, a hybrid of the middle class and people. Here the PCI reigns in the consciousness and Berlinguer is strongly missed. Here, politics is a means to feel worthy, to give a meaning to one's life and order to one's actions. A mini-assembly is underway, and also underway is a little-big struggle against today's enemy: the "fast food" that robs the localities and tradition, the rooms and the culture. A session thus busy, with the duties posted on the walls, and handbills on the ground: rituals that seem not very dynamic, but are carried out with great dignity.

Elios Prado has had that card for 42 years, and has the look of someone who has seen too many in that party. Two adjectives for himself and for politics as it should be: "honest and respectful." Ettore Greco entered the PCI in 1979. At first he was afraid of the USSR, and now he is concerned because his "reliable" party "has lost the image of strict custodian of the general interests, conducts random struggles, and is no longer capable of standing alone, as Berlinguer did."

Lorenzo Magnolia became a communist when "Fidel entered Havana and we saw that whorehouse island become a nation." To him exploitation is "commercialization of behavior." Stortini Ornello is the secretary, a worker who has experienced injustice in the factories of the Tiburtina, but no longer condemns, he says: "Democracy is not slowness or inefficiency." Adriana Martino rouses others from the self-contemplation of their own purity: "Yes, we have clean hands, but what do we do with them?" But Paola Gabrielli, a teacher, does not want to shed her "diversity." "I work more than the others, my students are grateful for it, I work for the general interest, I pay for that, it is my life choice."

Thus, communism has become to some degree a philosophy of life, a moral class rather than a political one. And it was Berlinguer who gave an image for all this.

On the wooden shelf in poor condition there are a few books that are a caricature of a people's library, and in front of the volumes a pottery bust of Togliatti that looks like Pope John, there is not a single woman among those present this Sunday morning: these are the communists of Battipaglia. Diego Zicchitella, white-haired and confident: "Honesty and frankness." Claudio Castellano, employee: "We are the party of morality, the others are customers." Elio Rizzo, pharmacist: "All the parties are becoming the same, they are corrupting the state, and the PCI is left to protect, and it has not succeeded in convincing the people that the state is justice."

Mario Forlenza, a legal secretary, is coming from a long way, from his classical reading, but also ends up there, with the Mafia, the Camorra, the contracts. Enzo Grimaldi calls for a policy plan, then explains it and reduces it to "honesty." Oreste Pignatare, the young person, wants to explain: "There are interest groups to overcome." Honest and alone in this south, which identifies them with defeat, where "morality" serves the same functions as for their comrades in Rome, but is accompanied by resignation. Here, the communists are different from the society around them because they are, in good and bad, outside that society. They have never really been able to, or known how to, change anything, and they tell their beads of the great change. When everything seemed to be collapsing here, the communists concentrated on not losing their heads.

Work for the Children

They are talking, and it is the professor citing ancient texts and criticizing the rules, false, of the economy. They wait, and it is the little old man who greets the journalist, mistaking him for the man come from Communist headquarters: "Come back more often from Rome, don't leave us alone, and you must tell us when work will come for our children." And this is also the party of Berlinguer, perhaps noble, but certainly a sterile testimony of what Battipaglia and the south should not be.

A thousand kilometers to the north, the cold nips the members coming down from the mountains around Turin, and the dawn of a "family day " outside the gates of Comau, the company that produces the machines for the famous Fiat automation. Families of blue-collar and white-collar employees outside the building. For 8 months there has been a dispute, they want to negotiate with management in order to produce better. These are the "modern" workers, in fact already technicians, in mentality and values if not in pay envelope. They criticize the PCI for being slow and different, rigid and old; here the party of Berlinguer is only a party that has turned within itself out of fear of the new.

Piero Suppini, fifth level, a delegate: "It has not helped it to have been too long regarded as different." Nello Moschini, employee, sixth level: "Here it is Fiat that creates the ideology, that sacrifices development; we are for productivity for the benefit of everyone." The PCI and CGIL caused us to take 10 years to realize that the blue-collar worker on the assembly line is not the umbilical of the world; we must be the party of labor, not of the blue-collar worker." They talk about Switzerland, and lament having a manager here who is not up to the situation, for their Romiti is obtuse, not ill-intentioned. They think about new investment sectors (tourism, environment) because they know, as Suppini says, that "technology does not permit return to the factory, that that is a lie." And Fabio Merloni, also, agrees with them, and he knew the Fiat of the 1950's: "There will always be the management, it must be efficient and controlled by the consensus." Franco Natalicchio, employee, department secretary in the plant, agrees. For him, socialism is something very close to the maximum just tax for everyone, an alliance of income producers, and everyone in the society in the position that is his due.

Then, unanimously: "We will always lose elections until we disprove this myth about being outsiders." Finally, for Berlinguer respect but not agreement. "No, here don't say: occupy Fiat, say: if we are occupied we will be with you." The memory is safe, but the policy has been rejected.

Milan, city that generates social democracy, and within the PCI internal geography, the party homeland of all who work: bankers, insurance people, and business consultants. "These and others, all the others, because the wealth of this city is tied to a mix of industry and trade, business and finance, and we must represent this mix." Luigi Corbani, the federation secretary, tells his view of communism: "Effort toward mediation and concreteness, more development and less ideology, more dialogue and fewer shutdowns. Yes, it is true: what we want, that is, an increase in production within social justice, is also wanted by other forces, one does not have to be communist. However, we communists want it more strongly and better, that is the difference." "Do you know what does not please me in the PCI, in my party? It does not please when they equate cultural styles with mass movements, I do not like it when what someone thinks in his own house is equated with what the people really want."

Sirs, here policy is not at all a theory, it is the third Metro line, it is Linate airport, it is energy saving. The new man that should be born from communism is only a more rational and productive man. And how many difficulties, including election difficulties, have arisen from stressing the point that communists want to evangelize society.

Bologna, a city where the PCI in one generation has embraced economic prosperity. Giuseppe Argentesi is chairman of Edilter: 1,200 employees, 170 billion in annual turnover, a cooperative that is building everywhere. His father was interned in Ponza, and he was a "pioneer" with the red flag. "But today that world no longer exists. I, a communist, live in reality, I also talk about market commitments and restructuring, I think about profit and also development. And in regard to the PCI, I am concerned by its tendency to be a party of social witness more than one of managing things. It does not please me, I do not understand the divergency."

"Neither Chic nor Winner"

Comrades, here politics is turnover and social services, the new state and the new parties will follow, if necessary. But a party of those who engage in politics because that is the best way for a man to give evidence of his own existence, a party of redemption of consciences, the one that says to the others: we will never be equal, this party is a reemerging river.

This is echoed in a Milan drawing-room where Marina Ceravolo, an advertiser and communist, confesses with pride: "I feel I am a proletarian, I do not need to feel modern, I do not want to be either chic or a winner. I like the solidarity among simple people. To be communists one cannot be only practical. And this emerges again in the pride of the Emilia communists, who tell you about poor families and poor childhoods, and very hard struggles, and it reappears in the words of Argentesi, that affirm to one's surprise: "I do not accept the bourgeois way of life."

The party of Berlinguer is inscribed in the genetic code of these people, even though no one thinks any longer that the working class can and should govern society. The principle that the collective interest is something else than the sum of the individual interests appears ineradicable. At least until a Craxi is born also within the PCI. And then, different and isolated, or efficient but equal? With quite general regret, the body, the communist rank and file, warn that it is not the choice of Communist headquarters. The line is: go forward arm-in-arm with whomever will not pull you back, but always with consideration, as comrades.

[9 Jan 86, p 11]

[Second article: 'Friend Bettino, Yet I Hate You'; "Awaiting the Alliance that Will Come Tomorrow'; "The Party Rank and File Expresses Itself on the PSI"]

[Text] A plebiscite, or rather two: the first to say that Craxi Bettino is no the "enemy," and the second to confirm that he is still the "bad." And this is the dual response of the communist rank and file. By this man who governs, also in spite of de Mita, the PCI has been first cudgeled and then seduced; it remembers the bruises on its body, but at any promise of future caresses loses its memory. The communists are afraid of Craxi, yet they seek him and await him with all kinds of gifts in hand. They think up occasions for new weddings with the PSI, and in the new house of the united left they are ready to give the socialists the best bed, the master suite and the seat of honor at the table. Even though everyone swears that the future spouse is certainly of dubious morality.

Yesterday's conflicts? "Our fault, we treated the socialists like dirt during the national solidarity." Today's battles? "Shuffling of feet, skirmishes, they are ending. You will see, you will see that Craxi Bettino is clever and will know enough not to do without us." The greater doubt that concerns them is that the PSI is a bit too "climbing" to carry out together the social and moral restoration of health, and there circulates widely among communists the faintest of certainties: "But that is not the whole PSI, you will see, you will see: there is the other PSI, the one of the left."

"Avoid Isolation"

Miracles of Santa Sigonella? Rather, exorcisms against solitude. Among the polical commandments of the communists there is the rule to "avoid isolation," and among its 10-yearly practices has been that of winning a little more in each election. In 1985 it upset simultaneously both practices and rules: elections lost, and out of the councils, in the corner of the expendables.

Why did this happen? Half the party assigns the blame to Berlinguer, to his wall against the wall with Craxi. A Turin deputy explained to me fervently: "From the postwar period on, we always gained something in elections because we always appeared to the people as not an isolated party. People who voted for us knew that alone we could not do anything, but also knew that the others needed us to do anything. Then in the past 2 years..."

Half the party assigns the blame to Berlinger's opponents, and regards the result of the referendum on the wage scale as more a result of internal boycott than the strength of the "no" vote. A communist journalist explains: "No mobilization, negotiations up to the very last moment, and one step forward and two back in regard to the significance to be assigned to the vote. We did not will to win that referendum."

The Theses for the Congress do not make a statement on this, however, since also in politics fear has supernatural significance; the version that the PCI loses when it is stubborn, when it isolates itself, always gains more backers. This means that the tactic and not the strategy was wrong: it appears to be a self-criticism and instead is a painless and miraculous potion. In order to heal the ills, all that is needed is to emerge from the corner, and to talk and dialogue with Craxi and his party. And if, in fact, you want to recall that it was Craxi who put the communists in the corner, then it must also be recalled that when Craxi did so he was small and naughty. Today he is growing up and becoming wise: don't you see--the PCI suggests--how prudently he is acting on Star Wars and the Mediterranean? Those, and there are many, who are not displeased by "diversity" even at the cost of isolation, are shaking their heads but for now are swallowing it. What else could they offer a party needing achievements, almost to the point of inventing them?

The PCI is ready to applaud Craxi if he is willing to go to the Florence congress, and in the sections they are mentioning the name Formica with a wink ("He is one who knows"). Here they bandy the name of Ruffolo as proof that the PSI is that other thing, the one you will see.

And even in connection with some statement by Martelli they will nudge each other: "Don't you see? Soon you will see." The PCI is ready for a future election campaign conducted in the name of the PSI's right to be stronger, and the PCI is ready to do anything in its power to help Craxi achieve 15, 16 percent, or whatever he can. Today, the PCI is seduced against its will, and as for the possibility of being abandoned, better not to think about it.

They are ready to offer their hand, their sister and their house, even though the communists frankly hate this Craxi. Because he makes decisions in 5 minutes, because he does not answer anyone, because the PCI is convinced that he has with him all the opportunists in Italy, and because he is what the communists are afraid of having to become. They hate him because Craxi does not go all out for votes but for power. Because he is their "reverse" side, they condemn his inability to have moral principles that guide policy, and charge him with the capital sins: haughtiness, individualism, and making a face at the rules, the pacts, good taste and moderation. For communists who practice politics in the name of the universal, Craxi is the triumph of the "particular." Reason tells the PCI that it is wiser not to say anthing more about "genetic mutation" of society. Instinct monotonously repeats to communists that Craxi is the founder of a new species, hostile, voracious, different.

This is how the PCI raises its anguish to the Nth power: it needs the PSI like air to breathe, but is afraid of losing its lungs. They say that the PSI is indispensable to make laws, councils, and governments. However, can reform of the society be carried out in company with the PSI? Better not to ask the communists: then they would have to decide whether or not Berlinguer was getting things confused when he talked about danger for democracy, or whether today the PCI was not deceiving itself when it joined the procession toward the Sigonella sanctuary.

Nth Power Anguish

Then we need to know what Craxi would do with his ultimate 15 percent or more: a shield against the DC, or to give the communists the sack again? The PCI resigns itself: it is better not to know, otherwise the night of isolation will return, automatically, and at the same time the problem of how to restore light without sitting there waiting until it comes.

The Theses declare that the PSI will be dealt with better than in the past. Are they prepared to make them communists? Right off, like a patient who goes on the operating table convinced that there is no alternative and thinking how much he will have to suffer.

The communist-managers of Emilia are ready, in the name of the party of work, production and well-being. Cesare Baccarini, vice chairman of the Regional Cooperatives Association, is prepared to recognize that perhaps the PCI's program in another country might not necessarily be called communist, he is prepared to admit that the PCI contains too many advocates of catastrophism, is ready to recall Berlinguer's party as "an emphasis born of a particular moment." "Alright, there has been genetic mutation in the PSI, so? The PSI is this society."

Also ready is he who would once have been called the workers aristocracy, and who today from Turin regales the journalist with moderate expressions of "esteem and respect for the PSI." These workers explain that one should understand that someone who has 11 percent of the vote has to adapt a little. The leaders of the Milan party are ready for the new stage of alliances.

Somewhat less ready and somewhat more shy are other workers. those of Mirafiori, and along with them the intellectuals and poor in the south, the professionals in Rome, and also those in Milan. To these, the PSI remains a fount of corruption of political practices.

Excuse me, what do you think of Craxi and the PSI? This is how communists respond. "The PSI is not the devil, the struggle between us will end, we have a long road to travel together." This was stated by the secretary of Milan federation. "But I have not forgiven it for that hooting against Berlinguer at the PSI Congress. Craxi is cunning, he even knows how to shatter someone's dignity. I don't trust him." The sceptic is Massimo di Marco, a banker, who came to Milan from Sicily, studied at Bocconi in 1968, worked for the Left but already knew that the revolution was a trap, the workers had told him so. And further in Milan: "Craxi puts his own party ahead in everything, ahead of the nation and before democaracy. However, he incarnates something that is in the head of the people." Giovanna Uberto, an insurance agent, does not see the devil in Craxi, but certainly the personification of political egoism.

Here we are in Turin, Mirafiori. "I no longer know what the PSI is. Certainly not a worker party." "No, with those people you cannot agree on anything, they will take you." "They have changed skins and position in society." "Better the DC, better the other parties."

Who is Craxi? We asked this question in Naples of two communist intellectuals, two university professors. "He is not the calm social democracy that he would like one to believe, he is the promoter of a clear plan in which modernization means the end of the First Republic."

What is the PSI today? "A power machine not anchored to any value." "A party that suffocates internal debate, and without rank and file." "A party that ignores the question of democracy." "A party enamored with the Reagan model." "An entity where many trades and businesses are conducted, but that is not the stuff of politics." From Bari to Padua, these are the replies of young people of the FGCI.

In the communist sections, from Rome to Calabria, the open accusation of socialist immorality is paired with certainty that the socialists will have to change. Sergio Palumbo, trade unionist. "I was active in the PSI, and I am in the habit of saying that I left without any improvement from a moral aspect." Anna Capecchi, librarian. "Craxi is a son of the Christian democratic system." But immediately the same people affirm: "Thus the PSI cannot last."

Now for what PCI deputies say: "Yes, it is true, he speaks frankly, unlike Galloni or RINASCITA, but he doesn't want the rest of the world to jump on him, that is unacceptable." "In 1976, we decreed the extinction of the PSI, then from the fury of blows we realized that it existed, and we hope that the PSI is not only Craxi." "Craxi wants the PCI to no longer be like it is. That is the condition it sets for allying with us. This does not appear possible to me." "But Craxism appears to be heading into crisis, and it lacks results."

"God Protect Us from Moralism"

It is the PCI managers talking: "We must escape from useless indignation, God protect us from moralism in dealings with the PSI." Perhaps it is true that the PSI is only a shop; lucky for us, if it also had values we would be destroyed." "After all, we cannot and should not go further with the DC. What is left is the PSI. Like it or not, this PSI."

The counterpoint continues and across all areas, involving all the feelings of the PCI. Realism impels the communist to conclude that the PSI is the only possible ally. However, is it realism--the communists ask themselves--to deduce from some fragment of a speech the possibility of an alliance? The analysis, the guiding conclusion of any thinking process by a communist, holds that Craxi can no longer remain in the five-party setup. But what kind of analysis is it--people in the party are asking--that regards as already exhausted the stimulus that led Craxi to expel the communists from the councils? One is waiting for De Martino's progeny, another for Bettino's new strategy. With half its brain the PCI regards the socialists as the ultimate product of a crisis of values, with the other half it studies techniques to govern with them, despite everything.

The result is a blending of private contempts and public diplomacies. Certainty that tomorrow things will go better with the PSI, regrets at the "exaggerations" of Berlinguer, for the "spite" applied against the socialists. Yet Craxi is "career, individualism and power." But Craxi is "a brake, while the PCI is an accelerator." "Craxi leads a band, while we are a mass party."

How it will turn out is to a large degree in the hands of Craxi himself. If he does not again slam the door in the face of the PCI, the communist leader group will follow him, prudently and consistently. At least until the rendering of accounts in the next legislative term. And the PCI rank and file will follow the leadership group, even if the head of the socialists is and remains "the bad one." One can do no less with the PSI, the Theses proclaim, and that will be true, but does Craxi want to do no less with the PCI?

[14 Jan 86 p 7]

[Third article: "Dear Politics, Goodbye, You Are No Longer My Life"; "From Disenchantment to Nostalgia, Those Are the Seven Sins of the PCI"]

[Text] Vices and virtues of the official who discovers that the party is not worth his private life, the intellectual who does not deny Lenin, and the manager who wants too much to be equal. And of the trade unionist who understands everything and can do little, the leader who takes refuge in the factory, and the professor who no longer trusts in militancy. And finally, the youth who comes from another world.

I found him in Palermo, with his suitcases already packed: he was not yet 30, and he was already saying goodbye as a PCI leader. Vincenzo De Luca entered the party in 1975: "I felt victory near, and at that time engaging in politics and living appeared to me as the same thing." He became a party official 3 years later, worked for 7 years in Italy, and was given regional responsibility for the cultural, information and school sector. "But now that I have decided to return to studying, the PCI remains for me the only hope for change, because politics is not life, I want books, travel, a private life." It is the little-big story of too many questions and only one answer.

Vincenzo told about an existence of meetings: "Ritual unanimity and always the same words." As a party official he knew the people, but then he became aware of no longer speaking the language of the men of flesh and blood. Increasingly, he was becoming a recorder, a cassette tape containing the "political line." "And today I believe that the PCI cannot advance with career officials. Someone serving as leader should have a work, a role in the society, before entering the organization. Otherwise he will end up thinking only about his advancement. His horizon will be limited to the party machine, and the so-called rank and file becomes aware of this, showing respect and diffidence."

"What kept me going for so many years? The idea of nevertheless being a part of history, of not working to steal votes in the elections. This enables one to endure very low salary and a wearisome suspicion of not being useful. But what you can no longer tolerate is when you feel you are an employee of politics. Then it is too much."

"Certainly I am still a communist, but you cannot be one 24 hours a day. Sacrifice and denial are not an objective to offer to young people. It was hard even when one could think that socialism was at the door; being communist now must mean living in a better way. Examples? The environment. Here and quickly. Peace, today. The quality of my life and everyone's."

"I am Packing My Bags But Not Transferring"

"Perhaps the Congress will succeed in ending a certain schizophrenia: one day we are discussing who we are and where we are going. The next day everything is resolved, the Lauro was enough to do it. And who knows whether it is enough to say that the PSI is the key to not having any more anguish. Perhaps they have become wise, and perhaps not. The day that I, I myself, organized the demonstration outside the Comiso base I was happy. I was the doer, there was no difference between what I thought and what I was doing. Without the party this would be unrepeatable. I am and remain a communist, I am packing my bags, but I am not transferring."

Vincenzo: was this premature tiredness of youth or the instinctive wisdom of someone who knows that a party can no longer be a life? What is the "sin"? Disillusionment or bureaucracy?

He works in Florence, and he has the years, white hair, slow speech, and wide reading of a wise man. Cesare Luporini long ago found his reason for life, he has nothing to ask from the party. We talked about Craxi and Leopardi: doubtless his preferences, the one appears to him as an overemphasized topic, and the other a topic that is criminally neglected.

"I became a communist out of antifascism, from a liberal-socialist origin, to which I hold. In May of 1930 I was an antifascist in what I would call a somewhat snobbish way. I went voluntarily to hear a speech by Mussolini, the "disarmed prophets" speech. I heard it and thought about it: it took us to disaster. Before me I saw a bad Franciscan priest, fanatic and unrestrained. I decided that something needed to be done. However, 10 years later I left the PCI. I went to study under Heidegger. In 1933 there was the shock of his conversion to Nazism. No, don't smile: what brought me closer to Marxism was reading the "State and Revolution" of Lenin. Note that we were informed about what was happening in the USSR, but that book was and is liberational. And today I continue to think that that is the horizon: freedom of each as the condition for freedom of all."

"Today there is less utopia and less liberationism than I would like. But it is an open battlefield. It is a plus that the Marxisms are over with, the religion of the state has survived, but it has no believers. What really remains is capitalism, which, to pursue accumulation, is revolutionzing itself with technological innovation. And the fact remains that capitalism is not resolving the contradictions on the world scale, even though it is the dominant system."

"They say that we communists are losing the clearness as to who is the enemy; to me the enemy is whoever says that the world is completed with capitalism. And whoever says to the unemployed: trust in the market. And the apology that life is competition, and condemnation of the social state. Don't conclude that I do not see the new: the technicians, the new occupations. It is not at all that they think only about money and success. The uneasiness is widespread, they know very well what I am talking about when I end up explaining the commercialization of human relations."

"Craxi a danger? The danger is in the things: a weak Parliament, a triumphant party-ocracy. All this promotes authoritarian tendencies. However, it is our inefficient, archaic government, indifferent to the citizens, that generates creatures of instinct such as Craxi. The final thing you should know: I am communist for the same motives as 40 years ago."

The professor has done it: kept a unitary vision of the world of men, a coherent system to explain everything. Marx is dead, long live Marx, even though only a few remain to know him. A sin of superb nostalgia, or a virtue of courage to defy the thousand specialized and ultramodern sciences?

Brokers

"But you know that we were the first party in Italy to concern ourselves with brokers?" I do not know whether Roberto Camagni, leader of the PCI communal group in Milan, was tiding over my hesitation. "You see, it always seems that we are the party of the wage scale; the professionals are not aware of our positions, those that concern them." I asked, and Camagni explained: "We are served by the willingness of the businessman to invest, and a management capable of evaluating the market. Then they can divide the shareholders, they can untax the investments and the reinvested profits." I ask: and all this to do what? "Good heavens, for development, which is the precondition for socialism." And the workers? "We have stated that the centrality of the workers is over; unfortunately we are still having difficulty behaving in consequence. I remind of the austerity; it was as if we wanted to dominate everyone."

Camagni is courteous and confident: for 10 years he was communal councillor, and for the past 10 years he has been managing a data communications firm that has been gaining steadily. Currently he is involved in getting the company on the stock market and in some decisions at Palazzo Marino. Who knows how he avoids getting confused. And whether his sin is excess of zeal in becoming equal and modern?

On the other hand, Carlo Ghezzi in Milan leads an enterprise with accounts in the red: the Camera del Lavoro. "We have been conducting the union like a hundred years ago, it is not progressing, cannot go ahead. The union should be bringing unity to the working world. It has failed in its objective, and the CGIL will raise the issue at the next congress." So, more of the same? And what if it fails again? "Once there were the big industrial conglomerates, and they all had the same occupational makeup. We took them on, we sometimes lost, but when we broke through the others came behind us. Today it is foolish to seek new battalions, there is no new army and there is not the dominant image. Thus, you either go to the corporations, or you are capable of performing analysis."

Fine, let's do analysis. "In 80 percent of the work places in Italy there is no union. It remains in the other 20 percent along with the crisis. Often we do not understand: more labor positions disappear through lack of innovation than for other reasons. In Milan: 40,000 metalworkers, 40,000 bank workers, and 100,000 blue-collar workers. But what labor world do we represent? We must put together the ENI researcher and the domestic worker from Cape Verde." Put them together, then. "It does not help to resist in regard to the wage scale, we defended it knowing that it was not succeeding, and we lost. Here, around this table, was born the 24th of March, the 700,000 of Rome. I don't disavow it, but let us not repeat the same thing with the social services. But I am something, what is the union? You see, when I achieve enterprise contracts, there is democracy involved. But what democracy is there in the agreement that I have just made with Tognoli over the streetcar ticket? I was negotiating the streetcar ticket for nonusers, the rich, the very poor, the priest and the independent."

"Is there democaracy in the union? There is as much as there was 10 or 20 years ago: the difference is that before there was a cake to be shared, and in the end we arrived at the agreement. Now the cake is finished, and we are discovering that there is no democracy. And thus I would like to say to the PCI, I want to ask Communist Headquarters: tell me what I must do here today, not 10 years hence in Europe."

An excellent diagnosis, but no therapy. At the union's bedside, Dr Ghezzi is committing the sin of lucid impotence.

Born at Cuneo, at 19 he gives the impression of having a head for doing something useful and is working as a bricklayer in Belice. There he became acquainted with politics. Then he was employed at the RIV, and entered a building with 800 where the name CGIL was the only swearword. One day the accountant Giffi came to him and said: tomorrow there is a strike, if the workmen come you will take a trip to Monte dei Cappuccini, stay there until 12, and then, if the workers have not gone, you also are free, with pay for the day. He chose to serve as trade unionist "because of the fault of the owners," because of the policy he continues to distrust since his days in Belice, and since when he had to go to work while others continued their studies.

Smell of Oil

Now Cesare Damiano is secretary of the Metalworkers Union of Piemonte. "You want to know what I think about capitalism? Nothing. I think about Fiat, about the smell of oil, about the speed of the lines, about crates that are too close, about the real factory. I do not know whether the software worker will assume the position of mass worker. That may happen, but the conflict will not disappear, the conflict about concrete things." He speaks with prudence, he does not claim that his establishment has any key to open tomorrow, but he is inflexible on the errors of others: the lack of support to Olivetti in the 1960's, thus leaving a strategic sector exposed, the living off private income in Fiat in the defeat inflicted on the union in 1980, and the fear of the Unione Industriali in Turin that the workers would elect their factory representatives.

He, also, detects the smell of mold in the union: "Today the Metalworkers Union official should be going out in his camper during the weekend to find the factories, and instead he stays shut up within the gates. Perhaps there is less ideology around, but work has not become any easier."

Did you tell Cipputi that ideology is finished? "They know it, just as they know that they talk a lot of nonsense around. Fiat has let go 50,000: 5,000 because of new technologies, and the others because of restructuring of the old. We submitted, we had no plan. Neither Lama nor the PCI had one. We all thought that after the hard time had passed everything would return to calm. Therefore, we developed great strategies for control in the abstract. Without realizing that Romiti does not care about the 0.5 percent inflation, what matters is running the plant. Carniti dragged Lama with him. Now we are left with the possibility of verbal bargaining; if they take that away it is finished."

"Here it is Technocity and the lowest wages in Italy; this doesn't appear very modern to me: 850,000 a month seasoned with intransigence means that on the other side there is rage and ideology, something other than defending profits."

Alliances of Acronyms

Freddo is a professional, fully intent on building the small, self-sufficient world of the trade union. One can sin in many ways, even by modesty, also by declining to "know" why Romiti is the way he is, if he really is. One can also sin by disenchantment.

He teaches philosophy in Naples, joined the PCI in 1968, and it was no accident. Biagio De Giovanni dates from that time a new relationship between the PCI and society: cultural pluralism, realization of complexity, in short, the end of the party as a closed world. "Indeed, it is not by chance that a part of the leadership group is still reluctant. From 1968 on one could be communists without divisions; thinking about changing this society and working together internally were simultaneously possible." Is immediacy in politics a stage that is already ended? "I am afraid so, the southern party continues to be a little Jacobin. We feel uncomfortable when the PCI tends toward legalized establishment. It may be that this is fated, however Berlinguer's party had a critical identity, while today I see tension primarily in regard to alliances of acronyms. We are dazed by the modernity of others. However, at least we should continue to try to understand what the PSI is. Its modernization is a mutation of the institutional form. Still based on the decree at Sigonella. Is it still the same thing, like it or not?"

Perhaps he is pursuing an intellectual's dream of the "rebel" party. Perhaps he is sinning by omission, and would like to say revolutionary. Perhaps his sin is abstractness or moral strictness.

His name was Savina, and he was not yet 20, he was still in the FGCI, and to my questions trying to organize his answers he replied: "Remember that we are not in school. I tell you what I want to tell you, not what you want." After that he did not say much, his communist face was still entirely unexcavated: neither disillusionments nor dreams. Joining that party always seems to one the best way to solve certain problems. One can thus survive in this world without a pattern to understand it. Perhaps his sin is called ignorance, or perhaps it is that of showing all the others the fragility of their banners.

Seven faces of seven sins, or seven virtues. The reader will decide, with communists given first choice.

17 Jan 86 p 11]

[Fourth article: "In Paradise There Is Room, You Get There with Development. But in Naples and Mirafiori..."; "The Medicine the PCI Wants for Regulating the Economy"]

[Text] To hold together those who earn 3 million and those who with difficulty reach 1 million, and to keep social democracy and communism in juxtaposition, the PCI has coined the slogan of "diverse development." However, the members who created the economic progress, those who have only just witnessed it and those who have experienced it themselves, cannot agree on what the two words mean."

In a restaurant in Reggio Emilia I learned the first lesson on how the motor of the communist world operates. They showed me, in action, the key that closes and concludes every one of their reasonings and moves; I made my acquaintance with the great healer: development. Three of them explained it to me: Emilio Severi, chairman of the Giglio cooperative, the butter one that has been shown on TV, turnover 240 billion, 192 associated cooperatives for 8,000 producers, and 450 employees; Uber Fontanesi, secretary of the Small and Medium Industry Association; and Romani Sassi, who with 207 employees produces chainsaws that are sold to half the world, including the United States. All three are communists, the first two with cards, the other only in spirit.

"First of all, you need to produce, and we in Emilia know how to do it. Then you need to know what to produce. On this point there is some uncertainty in the party. Finally, you need to know what to do with the profit. Everything is related to this triangle, including the ecology: pigs pollute more than a nuclear power plant, and other than traffic." They talked about their region, their reformism, about when in 1951, in "political reprisal," they closed the "Reggiane" establishment and 15,000 workers decided to convert themselves to small businessmen. They told the story of an entire community that was able to get rich and knew how to invest: private saving and public services. And about development, the mother of socialism.

Sassi: "I have never really believed that the PCI is a revolutionary party. The workman is always right when he does his duty, the problem is to put him in a position where he can work. Exploitation? It exists when the people are going hungry, it is a fib when criticizing profit accumulation. I was an orphan at 9 years old, at 10 I was an apprentice. Here I am."

"Richer and More Laicized"

Fontanesi: "Once it was said: businessman and communist are contradictory terms. Since then we have all become a little richer and a little more laicized. Also, in the name of development, we all understand each other a little more. The CGIL wants us to serve as businessmen, complains if we sleep, and points out shortcomings in research and investments. A wage of 900,000 a month at Mirafiori? Here the wages are very different, perhaps 50 percent higher."

Severi: "I do not know whether it is social democracy, but I believe Amendola was right when already in 1964 he was saying that the barrier of labels no longer made sense. Thus, produce: goods and development, along with programming, through small and medium-size enterprises, and with cooperatives."

They come from poor families, they have not forgotten it. Thanks to the PCI and development they are no longer poor, not they or the others. They are ready to defend both at any cost, the rest is theory. And if development comes to a halt? If the social compact is blocked, to the advantage of everyone? "It is not possible, here it will never be possible. We are reformists because that can never happen."

My second lesson was received at the UNITA office in Bologna. Gilberto Pazzeschi is managing director of Unipol, involved with finance. He said: "Since the end of the 1960's, families have been accumulating savings but they do not have adequate facilities to handle these resources. We do not have a bank of our own, there is no trade unionists bank. The other banks finance on the basis of property; we could finance while taking other factors into account. You are surprised? Everyone in this region holds BOT or CCT; it is the region where De Benedetti is offering shares of SASIB to the workers, 3.4 million per 1,700 shares. Bologna is a whole financial market; here mutual funds earn more than elsewhere. Capital is not a devil, but a factor of production; in the market you establish yourself with capital, modernization is financed with capital. However, the culture of the PCI resists. Today millions of families are involved in the stock market, and we are very happy that we have finally established the legitimacy of the market. How much we could do if we understood that development also means controlling funds flow."

I might voice the suspicion that the only ones who may understand are those who have financial flows; he looked at me as if I came from a distant planet, and now I understood that in Bologna many may understand.

Cesare Baccarini, vice chairman of the Cooperatives: "By beginning with work and production, that is how you combat injustices." Piero Capone, an official of the regional office for economic development of the country: "Do you want an example? We have developed a prediction service of trends in world fashion. A service for those who cannot afford long trips. Today, 500 enterprises are using it." Argentesi, president of Edilter construction: "I must produce profit and growth, that is what my 1,400 partners ask." Vincenzo Galetti, chairman of Ente Fiera: "We communists are the ones who teach the country people not to take off their hats to the owners. That is what Togliatti said. And then we have not left these country people with hat in hand: produce, accumulate, reinvest, this is how you create a consensus and progress in the general interest." Development reigns in the skies of Emilia, is an eclipse possible? "Perhaps, in theory, but not today or tomorrow."

In Naples development is a word with a bitter taste, anyone who has seen it swears that then it is not so fine, and many think it is a pension or franchise. Here there has not been any social compact, no progressive and general enrichment. Until 1983 the communists believed that the doors of development would open through the administration of the city. Now they mistrust development, as well as those halls of administration. They have burned their fingers, and the old idea that some fruit is good for the north and poisonous for the south is again becoming a reality.

A group of professionals, intellectuals, communists and ultraserious comedians celebrate, on each anniversary of the earthquake, the days of the Accademia della Catastrofe. It is a feast during which real-life events are mimed with a purposely reversed scale of values: sad appeals to those who want to take Naples' fortune from it, the "catastrophe" itself, discussion and lectures on the parties accompanied by pastry cakes, and demonstrations by "amateurs of politics and culture." Here in Naples, it is not income that is to be redistributed but only tangents or irony. Development has mocked at Naples, and Naples responds with a bitter face at development.

Umberto Siola, communal councillor: "Ten years in the council to become aware that the political problem is whether the party apparatus is or is not in accordance with what you are saying. Perhaps the PCI has fallen short in Naples, but the others, the middle class, where have they been? We have not robbed. Fine, good fellows. Yet in 8 years we have not said what we wanted to do in this city. We have ruin on our conscience for not having cleaned it up. Yet, I don't feel guilty, I am simply a little tired of being an aspirant reformist incapable of carrying out reforms."

Massimo Lo Cicero, economist: "Development? Here in Naples it is a possibility, but for one thing: it means urging the amorphous mass of society in a certain direction, and more or less it will get somewhere, more or less. The fact is that the PCI postulates development more than it practices it: this is the result of a culture born of historicism with sociological digressions added. Let us consider the new professions: when it sees them, the PCI decides to coopt them. It will combine the contradictory interests with development. Napolitano is the biggest exponent of this imperturbable empiric."

Fabrizio Mangoni, architect: "There were two courses: either break with one element consisting of society, or encourage welfareism, which is the contrary to development. We have tried to disguise welfareism in the clothes of development: a comedy."

Lost illusion, still open wound, we laugh and weep over the development that did not come. We pretend to no longer be expecting it, so we will not be made orphans again. Here in the south the party of reform cannot be simply the party of labor. Either decide to "break with a substantial portion of society," the portion growing fat on underdevelopment, or become a party equal to the others, too equal.

"The Technicians, and Who Sees Them?"

Seated around a table, the workmen, assembly line, of Mirafiori are waiting for me. Development grabbed them in the south and slammed them in Turin. Development made them communists. Development has conquered them, and they know it. Fifteen years ago they thought they could lead the country, they thought that the workingman was the measure of everything. Today they have learned that in the party of development there is room for them, but not at the steering wheel.

Angelo Azzolina has been in Fiat for 20 years and is on the assembly line: "My political decision was a class decision, and I continue to believe that it is profit alone that degrades the society. I continue to believe that labor and capital are not blood brothers." Antonio Cirillo is located in a shed separated from production: he has done so much for the firm since he entered in 1968. "At that time there were term contracts, which they would like to restore today. Six months at the furnace. Then inside, in the plant. I served as delegate, but you could not carry more than three concealed leaflets. Today we are back to worse days. Certainly, we cannot be a party only of workmen, but what a lot of talk about technicians. And who sees them? Fiat itself does not let them get near you." Siro Sanna, who came from the UILM [Italian Metallurgical Workers Union], left it after the decree on the wage scale: "The blue overalls in process of extinction? We are not changing." Pietro Padovano was from a seminary, 10 years ago, they taught him that men are equal. The factory told him that that was not the case, for him development is equality.

Michele Lupo: "When they hired me, it was the carabinieri who came to get information for Fiat. These are things that we got rid of with the struggles, now the struggles are over. It is right for the CGIL to be criticized. The agreements are not being submitted to the workers. All they are negotiating is reductions in wages; if that is development, then I don't know what to make of it." Renato Badellino, an employee of Aeritalia: "Organizing to solve the problems collectively is no longer in style; the party does not have a program, so why be suprised that the CGIL has made the decision not to break with the others?" And then it was in unison, with the other workers joining them: "The year 1968 was not all healthy but neither was it all wrong. Now they say that we no longer count for anything, that we should disappear. Yet, when it comes time to select his representative, the factory worker votes for the communists. And do you know why? Because he sees how the communist behaves. At Meccanica out of 2,000 three-fourths voted for us. No, Romiti has not won forever. Lama, with all due respect, so many mediations, too many concessions."

The defeat of 1980 flames; the working class enduring development. Here they thought it would mean something else, a money bill that was more intelligent and coordinated in advance among all the parties.

There is a stream of communist phrases about development. The Congress Theses are full of them. Development is used to explain that technology need not reduce work positions, to explain that it is possible to keep together those who are earning 3 million and those who have difficulty making 1 million, and to keep in juxtaposition social democracy and communism. It is the big alibi and the big hope. In order to bring into agreement those communists who created it, those who have never seen it, and those who have paid for it, the party talks about "diverse" development. This is a solution to the problem that resides in the documents but not in the facts.

The PCI wishes development for the country and for itself; otherwise, if this path does not lead to full employment, if the development in the near future does not lead everyone into paradise, the PCI will have to transform itself into a party of opinion. Or it will have return to discovery of the classes. One fate is worse than the other, anyhow better a good "pact among producers."

[18 Jan 86 p 7]

[Fifth article: "The Party Takes Comfort Awaiting Congress"; "Thus Returns the Identity Crisis"; "Only for Ingrao Is There No Place in the Big Theses 'Puzzle'"]

[Text] On 12 May they were waiting for victory, now they are awaiting the Congress: in the meanwhile, they have found cause to take comfort. As the noise around the defeat died down, so also did the congress rendez-vous become less resolutive and dramatic for the communists. In July it seemed that the 17th PCI Congress would be an urgent event to identify and cure serious illnesses of the party. In September it appeared necessary to issue a response on the identity of the party. However, between October and November the emotion declined, a path was indicated. Now we know more or less what the coming communist congress will say. Above all, we know why.

Between summer and autumn the triumphant five-party setup of the spring had been transformed into a government that was constrained and reluctantly tolerated by those who compose it. The communist leadership group looked on incredulous and happy, and imagined: Craxi and the PSI will certainly not suffocate themselves within it. Then came the events of the Lauro, Sigonella, and the crisis. To the Communist Headquarters top people it was the striking confirmation: the socialist leader has understood that he must leave the five-party setup toward the left. The analysis having been made, there came the emphasis by some socialists on the taxing of the headquarters, and to support them all that was needed was Craxi's indications toward better relations today and in the future. Communist Headquarters takes the view: we must know how to wait, but now the PSI is changing course, the game has turned, comrades.

Program Government

The communist rank and file is slower and less skilled in interpreting the socialist words and actions. On their part, there developed a kind of mass dismissal of the defeat that goes somewhat as follows: yes, we lost a vote, but the others, those regarded as the winners, are also in dificulties like us, and moreso. Comrade, don't you see that the five-party setup is not lasting, that it will not reach the year 2000 as promised by the DC? The comrade sees that the five-party setup is leaking, and that it is forgetting the 5 percent less in the big cities, forgetting the anguish of the post-vote period, forgetting that it itself had wondered whether the PCI had not lost some basic link with society.

The electoral defeat is quietly evaporating in the sun of the crisis of others, and in the light of the two explanations, which do not explain very much. The PCI says: the PCI lost because it vacillated and was not determined, but primarily because it was isolated. The two theses are contradictory, but they both have the value of directing the blow to the context of things that are displeasing but normal. The identity crisis will return, and the Congress, which for a moment appeared as one of "rebuilding," is becoming a congress that is to complete the policy and the leading group.

And the policy is as follows: it is there in the things, things as the PCI sees them. On the horizon there is the alliance with the socialists. At arm's length there is a new economic development. There have been too many rearguard battles, but the isolation is ending. Certainly, we have to be prudent, however, as in a puzzle all the pieces end up in their places: the new relations with the ideas and parties of social democracy, the radical nature of the reform to be carried out to guarantee development in Italy, and the satisfaction in discovering that one is capable of modernity. The PCI is jettisoning the dead weight: wage scale, the secret debate, blue-collarism, and a little moralism. The difficulty lay in translating the waiting for development and the PSI into a political proposal: this is how the government of program was born, something sufficiently concrete to keep the party ready for any opportunity, yet sufficiently vague not to get back on the mined terrain of an "alternative" society. And the program was born: the meticulous list of all that should be done. How to do it, remains to be seen.

It remains to be seen how to save the social state and make it productive. For now it is enough to know that it must be saved and made productive. It remains to be seen how to guarantee full employment; for now it is enough to know that those who do not advocate it are enemies. It remains to be seen what kind of social democaracy Italy will become, at a time when the PCI does not disdain it, but does not commit itself to that model.

There is perhaps more than one excess, but in these cases the PCI benefits by the old technique of coopting. Coopting into the "puzzle" the peace movement, the antinuclear movement, and the women's movement. Coopting the new professions. Coopting the crying need for a new way of conducting politics. And L'UNITA is full of sincere appeals to change the party's role in society, to change the techniques and rationale of politics. Thus, the internal agreement has been achieved: we will conduct a policy of alliances, but in order to do so it will be a mass party, which requires radical reforms, and which enables avoiding heavy costs to all the social groups. The center, right and left can be in agreement, and in fact the Theses offer this, from Bassolino to Colajanni.

Each of the party's components accepts the compromise, by force of logic, and they are thus concentrating forces to the center to try to shift the general axis a little. "A good idea," comments Roberto Esposito, one of the communists who wrote to Communist Headquarters calling for decisions with strong majorities and strong minorities--"a good idea. Too bad that it dates back to Aristotle. Perhaps it is time to change it." It will perhaps be thanks to Aristotle, but in this way the Congress is promising to be less traumatic: it will be important, free and lively, but comrades it is better to have a middle and shared response than two clear, divided answers.

Ingrao remains out of the game, and it is not believable that much can be salvaged from the zone congresses. He remains outside because he brings into question the basic foundations of the policy that will emerge from the Congress. Ingrao envisions an electoral reform that would create in Italy a situation similar, for example, to that in Germany, that is, where the liberals are essential for formation of any government, but where the chancellor is either a Social Democratic or Christian Democrat. Metaphor aside, Ingrao puts into motion by his electoral reform proposal a mechanism that could result in no yielding of posts by the PSI, also without decreasing its political role. And this the PCI, which is waiting for the PSI, cannot want. It means reviving the ghost of an understanding with the DC. Ingrao's "constituent government" is abstract and difficult in respect to the "program government." However, that is not the point, the point is that it sounds like an anti-PSI proposal. And the PCI does not want to consider that, even at the cost of accepting delay concerning the "frozen democracy" that it has been lamenting for some time.

Moral Issue

Again, Ingrao, with his constant reference to the world imbalance between north and south, ends up casting doubt on the wonder-working virtue of development, and thus calls the PCI to a much more complex strategy. A strategy that revives the risk of domestic isolation. Thus, Ingrao will continue to receive applause and attestations of esteem, and he will receive more agreement in the sections than in the Central Committee, but today the PCI wants something different from what Ingrao wants.

However, the Congress will not be Lama's feast. The disillusionment regarding the CGIL is almost unanimous in the party. And not because the CGIL has moderated, but because its accounts are glaringly in the red. It has not defended employment, it did not take on or understand Fiat in time, and it was unable to really grasp the government's economic policy, and this despite a wagonload of wage sacrifices. This is what the PCI thinks of the CGIL. The communist rank and file criticizes abandonment of enterprise negotiation, the communist managers criticize the slowness in expressing in behavior what amounted to a turning point in Europe. Whether guilty or a victim, in the view of the entire PCI Lama bears responsibility for a union that decreasingly represents the labor world. Lama's image of it being "processed" from the vertex of the party does not reflect the truth, and that the party would be ready to acclaim it. There is not a process, there is disillusionment, at every level.

And Natta? You do not encounter the secretary in the words or feelings of the men and women who constitute the party. For the moment, he has neither blame nor merit in the PCI collective consciousness. If you asked me for a judgment, I would indefatigably give you the formula: "He needs time, like everyone else, including Berenguer at the start..." He is piloting the party and himself toward the Congress, both committed in an honest work.

I talked about the Congress with four communist deputies. Dino Sanlorenzo is from Turin: "We thought that the society was moving to the left and we got on the wrong horse. We began to acclaim the diversity. Now, it would be a mistake to run after the movements. This time, fortunately, we have a program. We offer it to everyone, the socialists first of all."

Famiano Crucianelli dates from a long time back, from the students, from 1968.

"The reasons for radical change are not dead. The great majority of mankind is oppressed. Today we risk losing our most precious legacy, the mass party, and we risk losing the objective of a meeting point between modernity and high intensity of ideals. Berlinguer's moral issue was not whether to steal or not to steal, it was the recognition of a corporativization of civil society brought about by the parties. From this indeed we should to remain isolated."

Antonio Mannino came from the agrarian petty bourgeoisie of Sicily. "The young people no longer have any hope for the future. The world seems to be going against them. I want a party that is more concrete and more free, that does not give the common people the feeling that the party already knows what the people want."

In the Big Pot, Everything Boils

Romana Bianchi was teaching in Pavia before coming to Montecitorio. "My grandfather had met Stalin and always told me that people with moustaches like that never make a mistake. Two good reasons for thinking that our party should be something else. Yes, I think about different human relations, about liberation of women. But today people say: the welfare home costs too much; between social services and money, the people choose money. And the party puts women in the documents. Liberation is not only human relations and dignity. Liberation means full independence. If only the PCI would operate accordingly..."

They are all there, in the same party, waiting for the same Congress. A huge pot in which everything boils. There is the leader, born of the workers, that says to the workers: "I am communist because you do not please me the way you are. There is the leader who comes from the bourgeoisie and is seeking a life worth living. There is the advertising manager who in the public enterprise shows his clean hands, the employee who tells what socialism is while discussing how his office functions, the person who wants peace and talks like a leaflet, the teacher who wants to struggle against the bureaucracy, the workman who no longer knows how to address the manager, and the businessman who creates wealth. There is the intellectual who still assigns meaning to the world, and the megaphone comrade who answers the journalist asking for information by saying: "We are prepared for dialogue with the democratic forces, please say that." And around them stand all those who no longer believe us, also without giving up the desire to make a better world.

The PCI is no longer the antithesis of the society; if it wanted to destroy it, it would be committing suicide. It has learned to join it in its development, but it does not know how to correct it. It is navigating by sight and good will, even though it talks about major courses. It is no longer so Red, and it is bored with being an elephant, it wants to escape from the cage. Yet it continues to tell us that once it gets out all the cages will be open. However, this normal animals do not know how to do. If we are padlocks to be broken in face of the keepers, then the trunk is indeed useful.

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POLITICAL LUXEMBOURG

COMMENTATOR ON NEED TO IMPROVE SECURITY FORCES

Luxembourg **LUXEMBURGER** WORT in German 8 Jan 86 p 4

[Commentary by "JNK": "Our poor security situation is the fault of the system --no radical improvement possible without complete restructuring"]

[Text] The many instances of foreign occupation experienced by our homeland (the last and worst one having ended 40 years ago) have given the Luxembourg citizen a great deal of suspicion toward any kind of police or military establishment. This healthy attitude has put its stamp not only on the ordinary citizen, but also on the political parties, the representatives and ministers. This historic context is widely responsible for the structure of our security forces which by modern standards is largely inadequate.

Critical Observations

As a state, we have always been stingy in spending money for the essentials, such as equipment, personnel and training. Also, we wanted to give the least possible amount of real authority to the various government agencies. Pressure from outside the country or internal developments have resulted in a continous growth of security and defense forces, resulting today in a mess of overlapping responsibilities. The inevitable result of this policy is a growing insecurity among our population, a loss of confidence in the capability of our security establishment of maintaining law and order in our democracy.

No purpose would be served in blaming any party or one particular minister for this poor security situation. Some politicians could be accused of a lack of foresight and courage, or of irresponsibility in passing laws. Some individual representatives of the prosecutor's office, officers, noncommissioned officers and other members of the security system might be accused of incompetence, laziness or arrogance. Such reproaches might be accurate in some exceptional cases, but would serve no purpose in our present situation: many of our citizens, union representatives and spokesmen, the press and other organizations have supported or silently tolerated the restrictions, the overlapping of responsibilities, the stinginess and the amateurism in our security system, in accordance with the motto: "As a small state, that's all we need!"

It is therefore incumbent upon all of us to eliminate from the discussion about our security situation any considerations of party politics, occupational group problems, class consciousness, vested interests, ideology and emotion. This constitutes a challenge to the government, the parliament, parties, unions, the press and the experts quickly and pragmatically to get started on the urgently necessary restructuring of security and defense problems within the framework of a type of national emergency action. The situation is so serious, the time so short and the waste of public funds so obvious that any further delay in reorganizing our security policy would amount to irresponsibility. Major and minor crime, terrorism, espionage and totalitarian militarism unfortunately do not stop at the borders of the Grand Duchy.

Inadequacies in the Current Situation

Almost one dozen different organizations, supervised by half a dozen ministries, are currently responsible for Luxembourg's internal and external security. The joint high command of the gendarmerie and the police planned by the present government will have limited, if any, positive effects toward an improved security situation in view of the multiplicity of "responsible" authorities and because of the rigidity of the "system."

The following agencies are responsible for the protection of the citizens and the state against criminal and subversive elements operating in the interior:

1. The police, divided into a number of independent precincts, whose responsibility is restricted mainly mainly to their respective home districts; police HQ's has authority over the precincts in certain areas of endeavor; the police is subordinate to the minister of the interior with respect to police management questions; to the minister of public works in the areas of training, organization, management and discipline; and to the minister of justice for investigative work (police judiciaire);

2. The Gendarmerie, broken down by districts, brigades and special units, is subordinate to the minister of public works for training, organization, management and discipline; to the minister of justice for the maintenance of public order and for investigative matters; in addition, it participates in internal territorial defense in matters concerning security, communications and readiness of military units, as well as additional tasks determined by the ministers of the interior, justice and public works;

3. The Surete Publique (public security service), an independent part of the Gendarmerie, reporting direct to the chief of that corps, deals with special investigative and preventive measures and has established specialized subunits;

4. The ministry of justice, department of weapon permit laws;

5. The department of prison management, reporting direct to the chief prosecutor;

6. The Forestry Department is responsible, among other things, for compliance with laws concerning forests, environmental protection and hunting--it reports to the minister of environment;

7. The Public Prosecutor's Office (and the examining magistrates in their function as officials of the judicial police)--reporting to the minister of justice, the most important authority for internal security, because his officials have most of the authority for dealing with crime and subversion;

8. The Customs Authority has police powers with respect to travelers' arrival in, or departure from, the Grand Duchy of Luxembourg; it is therefore concerned with internal as well as external security.

This chaotic condition of authority would be incomplete if one would fail to mention the hierarchic authority exercised by the public prosecutor over the judiciary police. In the area of criminal prosecution he supervises not only the members of the prosecutor's office and the examining magistrates (the latter only in their function as officials of the judicial police), but also all other officials and other personnel of that judicial police, i.e., the officials of the police, gendarmerie, security service and forestry department in their specific functions. The public prosecutor himself is subordinate to the minister of justice.

More than 100 years ago, we believed that we could ensure the country's external security through perpetual unarmed neutrality. Within this century, our peaceful country had to witness the sorry collapse of that neutrality twice. After 1944 we were forced to abandon this utopian policy and to establish our own army. Our military policy since then has been somewhat haphazard. The means of recruitment (obligatory military service, voluntary service, career military) as well as the organization and mission of this army unfortunately became a political football; thus every time there was a change in the coalition, military policy underwent more or less basic changes. From 1944 to 1967 the mission of the draftee army contained an effective territorial defense of our country. In addition, Luxembourg served as a temporary force of occupation in parts of the French zone of Germany. Later on we made our contribution to NATO in the form of a "tactical infantry regimental group" operating no farther than 100 km beyond the borders of the Grand Duchy. The next reform brought a reduction in the term of military service and a reduction in the size of the army, which from then on consisted of territorial troops (draftees and an artillery battalion (volunteers), which was attached to a U.S. division as a contribution to NATO. The last reform of the draft army consisted of yet another reduction in the term of obligatory military service.

After obligatory military service was abolished in 1967 the army underwent another considerable numerical reduction. The artillery battalion was disbanded, and the new volunteer army, numbering fewer than 800 (including cadre) is to fulfill two principal missions:
- to provide NATO with a (light) infantry battalion as part of a multinational force (with potential deployment in times of crisis in Northern Norway or in Turkey!);
- to ensure Luxembourg's territorial defense.

It should be noted that the army has no reserve units at its disposal (inconceivable from a military standpoint), because since 1967 no government coalition could see its way clear to implement the establishment of a reserve force, which is authorized by law.

Surely our Western partners consider our military policy worthy of the plot of an operetta and, in view of our small size, greet it with a disdainful smile. However, in view of today's situation it would be the height of irresponsibility, and even insanity, to continue playing fast and loose with the most elementary military realities and with the money and the need for external security of our taxpayers. We should not also that the army is subordinate to the minister of public works.

Additional components for external security were established as a function of our membership in the Western defense alliance: a. the communications service, established in 1960 and reporting to the minister, charged with the protection of the state's external security and of the secrets of the countries allied with Luxembourg in a defense treaty; b. the "Protection Nationale," (including the national crisis alarm center), also established at the same time and reporting to the minister. Its mission is to take the necessary protective measures in case of an outbreak of armed conflict. Last but not least, we should mention, as part of external security, the important role of the military advisors and other officials of the ministry of public works as an additional component.

Peculiarities of the "Luxembourg System"

In accordance with general management principles, the agencies briefly described above work independently, without relevant coordination and according to the principle of keeping strictly to their specific functional area, disregarding any logical thought of effectiveness. This is not the fault of the agencies concerned, nor of the present or past governments, but rather of the entire political establishment since the end of the last world war.

The root of all evil lies in the gradual bureaucratization, i.e., equalization with the remaining public functions of all the forces of law and order. This ominous development has presented us with today's situation, for which no solution seems possible:
- a. the categorization of the members of the security forces into several careers which are hermetically separated from each other due to inappropriate regulations and which resemble the Indian caste system (lawyers, officers, other academics, editors, office workers, noncommissioned officers, craftsmen, volunteer soldiers, civil servants in several career progressions);
- b. career progression strictly by seniority without regard to the capability or industry of the individual (with the exception of a few, though irrelevant exceptions);
- c. filling of senior positions in the various agencies almost exclusively by seniority;
- d. inadequate training of almost all members of the law and order forces;
- e. maintenance of the 40-hour week, which is no longer adequate in the context of maintaining external and internal security (tens of thousands of hours unpaid "overtime?");
- f. salary policies which are incompatible with the performance of the individual, resulting in underpayment of truly valuable personnel.

If we are serious in wanting to establish an efficient security apparatus, such a rigid, restrictive system must be condemned. However, as to the personal situation of currently active security officials, we must regard their salaries, grades and career expectations as having been earned if and when any organizational changes take place. The same holds true in cases of transfers of officials as part of necessary reorganizations--the state must respect human and moral factors. We must not repeat the conditions which arose 20 years ago during the abolishment of the draft army and the resulting cadre transfers. Close and trustful cooperation with the trade union concerned is mandatory.

Two further components of the "Luxembourg System" must be cited:
- a. the systematic deficiencies in required equipment;
- b. the lack of clear mission directives.

Every reasonable person knows that the funds for our security apparatus had to be restricted. With regard to the first point, we should state that in general, additional personnel, even if highly qualified, does not necessarily improve the situation. Twenty good people, properly outfitted with up-to-date equipment, are more effective in the fight against violent crime than are 200 highly-trained individuals without proper equipment. There is no balance in the personnel cost-to-equipment ratio in the budgets of our law and order forces. This is not meant to downplay the necessity for additional officials in the various security agencies. However, at the present time improved equipment and optimum scheduling of available forces are paramount.

The lack of clear mission directives can be described as a "Luxembourger disease." It is equally prevalent in politics, society, education and the economy. So long as our country was able, in a sort of splendid isolation, to promote the welfare of its citizens, there was a little national importance in vague mission directives in the various security agencies. Only the individuals directly concerned suffered frustration. But now, every citizen is increasingly affected by the dreadful lack of such clearly defined duty responsibilities.

One example which will serve to illustrate our perplexity are the foreign football rowdies who periodically come to Luxembourg. We know in advance the date and hour these modern barbarians will arive. We are roughly aware of their number. We know also that these thugs are not interested in the sport, but rather in provocation and destructive urges. Our security forces make "by the book" preparations for for this invasion. But the result is always the same: massive destruction, many injured among the security personnel, a general feeling of insecurity. If we, as a state, are unable to deal with a scheduled invasion of a few hundred drunken brawlers by using several hundred security people, how do we propose to protect the country against terrorists, organized criminals, violent robbers or enemy saboteurs? The security personnel involved cannot be blamed at all--they are frequently the victims of the neglectful attitude of the politicians.

What Can We Do?

The Luxembourg man in the street wants orderly conditions, permitting him to live his life in peace, the way one would expect it to be in a democracy.

However, the threat against our Western democracies from extremists, violent criminals and aggressors of all types is now an irremovable component of our daily lives, despite the misplaced optimism of many politicians. A successful defense against this worsening situation, in Luxembourg as well as elsewhere, requires a radical rethinking in matters of the composition, equipment and deployment of the various security agencies.

Common sense dictates the following principles for a security policy capable of dealing with today's conditions:

- 1. For purposes of mission definition, a separation between criminal prosecution agencies and the other security authorities is a basic prerequisite. The authority of the judicial police, which is presently distributed among several corps (gendarmerie, police, surete etc.) should be transferred to a "corps de police judiciaire," which would have to be established. This has been proposed by the minister of justice. This judicial police would report to the public prosecutor and its authority would be restricted to criminal investigation.

- 2. The members of the public prosecutor's office should not be required, as they are now, to serve alternately every few years as judges, then again as prosecutors or assistant prosecutors or state's attorney. A person can either be a good prosecutor or a good judge; he can hardly be both.

- 3. The customs administration, being a specialized financial authority, should be relieved of its police functions. This functional area should be taken over by the gendarmerie.

- 4. The prison administration, being a security agency, does not belong into the prosecutorial area and should be placed under the high command of the security forces, which is to be established.

- 5. The police should be relieved of state-wide duties and allocated to the municipalities to function as communal police. The office of chief of police should be abolished. General police duties (traffic control, summary offenses, misdemeanors, patrol duty) currently performed by both police and gendarmerie without clear division of competence, would be performed by police precincts to be established in all major municipalities.

- 6. The gendarmerie is no longer competent for general police work. As a national "readiness police" (security alert police) it would be responsible for the maintenance of public order (preventive deployment to thwart major crimes), surveillance of the borders and incoming travelers (presently the duty of customs), the security of the military and important military facilities, security of the state, protection of the European installations, the banks and international visitors. Present brigades are to be combined into larger functional untis.

The Surete would report, as at present, as a special unit to the commandant of the gendarmerie for special tasks within the framework of the new gendarmerie mission.

To be able to fulfill our international responsibilities for facilities protection of supra-national installations even under crisis conditions, the gendarmerie will require the reserve unit which has long been legally authorized but, for political reasons, never established; it would be furnished by the military.

- 7. The designation "army" is to be replaced by the less pretentious "military force." The mission of this force should be newly defined in conjunction with NATO. The several hundred men of the active units are to be used exclusively as a territorial force. Training and equipment should be those of an airborne commando unit; this would be the only way in which we could make a meaningful contribution to NATO and for ourselves. Defense of our territory against enemy saboteurs, fifth columnists and commando groups which would be capable of disturbing alliance defense plans, would have top priority. No ally could ask us for anything more.

Like any other combat force in the world, our military force would require the establishment of a (legally authorized) reserve force to provide needed reinforcement in time of crisis. The word "reserve army" should not be used, since it would sound presumptuous for a force of several hundred men.

- 8. A small special unit (maximum: 30 men) should be immediately established for defense against terrorists and particularly dangerous violent criminals. Such a SWAT team (special weapons and tactics) must be fully trained and equipped as in other countries. Special security measures would be required for the benefit of the members of this team.

- 9. A high command of the security forces would encompass the gendarmerie, military force, SWAT team and Protection Nationale. The commander in chief of these security forces would report to the minister of public works, but would exercise his command in a fully autonomous manner. The holder of this important position should hold the highest military rank, but should be appointed for a maximum term of 2 years, should be subject to removal at any time, and does not necessarily have to be a professional officer. He could serve under the "commissioned officer" formula.

Implementation of the foregoing principles for a more effective organization of our security services rests upon the recognition of the fact that the members of the security forces are not civil servants as are all others. Regulations, pay, duty hours, promotions, rights and responsibilities must be established separately for each corps. The criterion for filling every position (including the top one) by new recruitment or promotion can only be the proven (rather than theoretical) capability of each candidate. Seniority, education, current rank, career path, previously passed examinations and similar "acquired" merits must not impede objective evaluation. Closed career ladders, as they are now in existence, must not be allowed to exist within an efficient system. A wide-open career path in its broadest sense must become the norm. Formal education has little, if anything, to do with the actual capabilities of a person.

The establishment of clear criteria for appointment and promotion, with the assistance of unions, as well as the appointment of decision-making personnel committees should eliminate any arbitrariness. An additional guarantee could be provided by appointing an ombudsman. In addition, every security official should have the option of quitting the forces of law and order at any time for the purpose of taking an appropriate civil service job (state, municipality, railroad, parastatal institutions).

Contrary to widespread opinion, the absolute number of security officials has little relevance to a good or bad security situation of the country. The reasons for the currently poor security situation are to be found in the archaic structure of our law and order forces, inappropriate personnel policies, dangerously inappropriate and inadequate equipment and ill-defined mission directives.

If we want to catch up with the equipment deficiency, we will have to spend a lot of money in the next few years. Our politicians will need a great deal of courage to eliminate the above-described deficiencies which have been a fact of life for decades. More courage will be required to free the security agencies from all the duties which are foreign to their mission.

In closing I should like to take this opportunity to express thanks, in the name of all loyal Luxembourg citizens, to all present-day security officials for their work in the interest of all citizens. None of them is responsible for the bad situation. Nor should we, in all honesty, put the blame on the present government. The blame belongs to developments which have taken place over the last 40 years.

What is needed here and now is the political determination to convert an untenable situation into a good one.

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KARIN SODER COMMENTS ON CENTER PARTY FUTURE, GOALS

Stockholm SVENSKA DAGBLADET in Swedish 4 Feb 86 p 10

[Article by Elisabeth Krona]

[Text] "The tragic days in December were a shock, but they nevertheless constituted a sort of awakening for the Center Party. Unity is the priority now," says Karin Soder in an interview with SVENSKA DAGBLADET.

She has been Center Party leader for 2 months. In a couple of days she will participate for the first time in the "party leader round" in Parliament's general political debate.

She has moved into Thorbjorn Falldin's office. No trace remains of his stay there. The smell of smoke is gone. Well-tended potted plants stand in the window, and on the wall is an Ethiopian tapestry depicting scenes from the life of the Queen of Sheba.

Karin Soder is well aware of the statements in her favor.

Commenting on headlines saying that "the Center Party wants Soder," she says: "It is fine if people are satisfied with me. That may give me a 'green light' in the party this spring. But those who are critical are not being heard from. I am not so conceited that I am imagining anything different."

Happy With Job

When spring comes, she will give a more definite answer as to whether she wants to stay in the party leader's office longer than half a year. But she makes no secret of the fact that she is enjoying her job:

"The work will not be very hard as long as I have such strong support."

She has not talked to the election committee since last spring.

We asked: "Has the situation in the Center Party stabilized with you as chairwoman and Olof Johansson as deputy chairman?"

"It feels good. Naturally, there is much concern and disappointment at the fate suffered by Thorbjorn. But that is something different than the responsibility that members now feel toward the Center Party."

We asked: "Do you have any contact with Falldin?"

"Yes, he keeps up with politics from a distance and has his opinions. But he has never been one to meddle in other people's doings. He gives good advice."

Does he do so now?

"Yes, if I ask him for it."

Concerning the ins and outs of Falldin's resignation, she says: "We will probably not get any proper information on what really happened. Those who set the avalanche in motion could not really judge the consequences. The course of events got away from them."

But she still thinks about whether she herself could have acted more vigorously:

"Perhaps I could have prevented what happened and made some contacts. But of course, I was just as responsible for the election result as Thorbjorn was and had to answer for it. We certainly got raked over the coals."

She does not explain the Center Party's decline as being simply the result of its unclear message:

"Perhaps we got into trouble because of the political trend in society. After a period when environmental issues and energy completely overshadowed everything else, money matters suddenly weighed more heavily."

When Karin Soder enters the "party leader round" in the general political debate, she will emphasize the social profile of the Center Party's budget. That profile is more pronounced than it is in the other nonsocialist parties, she says, and as an example, she mentions that her party has now dropped the idea of cutbacks in health insurance.

She also places strong emphasis on regional policy:

"By not mentioning regional policy in their proposed budget, the Social Democrats are showing a terrible indifference toward a giant of a problem. The furniture movers are busy again."

She sees a connection between concentration on the regions and the education policy:

"Having education at several levels is the be-all and end-all for survival in every district."

Liberal Party Surprising

Karin Soder is surprised that the Liberal Party wants to pay for its family reform plan with money from the food support program. She feels that the proposal is provocative, and she uses the current debate over food quality as support for her views:

"Abolishing food supports will force further rationalization in agriculture. Today, at a time when we are discussing animal factories and quality, cutbacks in food supports are directly contrary to what people want. Instead, we should start eliminating the tax on food."

Incidentally, she wants to be a "political enlightener of consumers." It is true that that attack on other political parties will crop up in the midst of the general political debate, she says, but such attacks must never dominate.

Strengthen Work at Home

Sweden's first female party leader wants to work on behalf of better ATP [General Supplementary Pension Plan] points and health benefits for those who work at home.

"At present, women do not dare shorten their working hours because doing so worsens their social benefits. But society must allow for the fact that women devote more time to their children. I hope that men will also take that step."

She objects strongly to the criticism that the Center Party's child care allowance would work against gainful employment by women:

"There is nothing in our proposal that forces anyone to stay home and stand over a stove--not that there is anything wrong with anyone doing that."

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POLITICAL SWEDEN

PALME ACTS TO CALM REVOLT OVER BUDGET AUSTERITIES

SDP Secretary Welcomes 'Unrest'

Stockholm DAGENS NYHETER in Swedish 8 Feb 86 p 8

[Article by Kaa Eneberg]

[Text] "It is the nature of the Social Democrats to be an opposition movement, even when we are in power. We have every reason to be happy about the present unrest in our movement. It points to a growing fighting spirit in our struggle for a more just distribution of the wealth."

This was stated on Friday by Social Democratic party secretary Bo Toresson in reference to the growing revolt within the ranks of the Social Democrats.

This occurred at a well-attended press conference at party headquarters on Sveavagen, where the party leadership gathered for 4 hours to discuss a number of questions. Toresson did not wish to reveal which questions were debated, but simply stated that "all the questions that have been raised during the past quarter" had been discussed.

The meeting of the party's Executive Committee had been planned for some time, but must still be seen as a kind of emergency meeting for a discussion of the growing revolt. It was agreed that the Social Democratic movement would discuss nine different areas in which the party's Executive Committee would like to sharpen its policies.

Ministers Speak

As early as this weekend, about 15 district party congresses will be held to discuss policy. Cabinet ministers will speak at most of these congresses throughout the country. Party leader Olof Palme will travel to Orebro to listen to his troubled party brothers and sisters.

Toresson pointed out that this "offensive for justice," as the campaign is called, is part of a process that has been underway since the elections. Just after the elections it was determined that the loss of voter support did not result from the defection of Social Democratic voters to other parties. In their disappointment over the absence of real wage increases, they simply remained at home. It was a protest against the fact that, despite great sacrifices, they had still not receive real wage increases.

No Change

Toresson pointed out that the economic policy of the "third way" remained intact. It has been successful and there are no plans to change it, despite the present protest movement. It would be short-sighted to propose improvements now that would increase the budget deficit. This would destroy the credibility of this economic policy among people both within and outside the movement.

But the labor movement has "no reason to tolerate" such "deviants" in the economy as stock market manipulations.

Clearly, one "hot" topic at the Executive Committee meeting was the high wages of cabinet ministers and politicians. The committee does not intend to tear up wage increases that have already been decided, but it was agreed that, in the future, the politicians should not determine their own wages and the wages of cabinet ministers should be related to the pay scales for other administrative chiefs.

Every topic that is to be discussed by the Social Democratic movement will be placed under a project leader close to the party leadership. This project leadership will then develop a proposal that will be sent around once more for discussion and will serve as a basis for the 1987 party congress and the 1988 elections.

One of the main questions is working hours. The last party congress supported a 6-hour day, but now the 4-day week has been brought up as an alternative. Another question is the environment, where the party must become more active in local environmental issues. The future of health care, education, and democratic issues must also be discussed.

Salvation from Oil Price Decline

Stockholm DAGENS NYHETER in Swedish 8 Feb 86 p 8

[Commentary by Sven Svensson]

[Text] The Social Democratic grumbling from the Dala revolt and the SAFE crisis in Nassjo has penetrated the thick walls of Rosenbad. Olof Palme is taking the protest against the austerity of the budget quite seriously, even though for tactical party reasons he is making light of the popular protest.

The fact that the Social Democratic Party leadership is taking the criticism, especially the protest against the demand for restraint in wage negotiations, with great seriousness is indicated by the Social Democratic Party's offensive that is to take place during the next two weekends. All the troops that can be gathered by the party leadership will be sent out into the bush to tell the common people how things really are.

Still, much of the protest is already well known. During the eighties, the Social Democrats have had a crisis every 6 months, except in election years, during which solidarity has been purchased at a high price.

In early 1981 there was a battle over the economy between the "sextuplets" and "quintuplets" (prominent Social Democrats who advocated savings and expansion, respectively). Then came the Social Democratic emergency program, involving choices between private and economic expansion. Ingvar Carlsson and others touted a 2-percent annual economic expansion within the public sector as an elegant solution to most of Sweden's problems.

Then in January 1982 there was the extremely hot discussion over the inflation-indexing of pensions. On top of that, there were revolts within the Social Democratic group in parliament over unemployment insurance, childbirth allowances, and other goodies. Only as the elections drew near was there a truce in the "War of the Roses" between Kjell-Olof Feidt and Stig Malm of LO (Federation of Trade Unions).

The common denominator of these crises was that they came from interest groups within the Social Democratic Party. They included the LO leadership and other groupings within the Social Democrats.

On the surface, the Dala Revolt and the SAFE dispute differ from these crises in that the "foot soldiers" are rising up in protest against their superiors. The stock market manipulations and the threatened closing of Kockums Shipyard have also fueled the protests of the common people so that these protests have now reached dimensions that are extraordinary for the Social Democratic Party.

Most of the disputes between the government and various groups of Social Democrats go back to the emergency program of Ingvar Carlsson and the shocking devaluation of 1982.

The devaluation meant an heavy investment in the private sector and in high corporate profits to remedy the budget deficit and to increase employment. At the same time, antiinflationary measures were placed at the center of economic policy.

This policy cannot be called Social Democratic. The Social Democrats have prioritized the private sector at the expense of the public sector. This has been difficult for some groups to swallow.

But is it an historical "given" that, regardless of their policies, the Social Democrats will receive 43 or 44 percent of the votes?

Only the future will answer this question. What we do know is that Social Democratic Party leaders have always prioritized unity. This was the case with Tage Erlander and it is particularly true of Olof Palme, with his background in big-time finance. As a result, Palme will do everything in his power to plug the leaks well before the next elections, just as he was careful to end the white-collar workers' conflict before the last elections.

Palme's problem is that the economic margins are much narrower than they have been in a long time. For the "third way" of the Social Democrats to succeed, private industry must expand and employees in the public sector must show restraint in their wage demands. For their own survival, the Social Democrats can afford only cosmetic measures against stock market manipulations and the demand for tax money to save employment in doomed industries.

Even in this year's budget, the Social Democrats have been forced to reduce the expansion of local governments from the 2-percent figure in the emergency program down to 1 percent.

The Social Democrats have built their position of power on three main factors: neutrality, employment policy, and tax increases to expand the public sector.

Confidence in the Social Democrats' neutrality policy has already been eroded and their employment policy is threatened, now that even Social Democratic voters are feeling the tax bite.

This is occurring at the same time that the composition of the electorate is changing. At present, half the Social Democratic voters are in the public sector. They vote for the Social Democrats and for their jobs at the same time.

Still, in this year's budget, the Social Democrats are being forced to reduce the expansion of local governments from the 2-percent figure in the emergency to 1 percent, in order to pave the way for industrial investments.

In this situation, it is not clear that public employees will vote for the Social Democrats in such large numbers. Increased mobility, both to the left and to the right, is possible. Social Democrats have torn down the barrier between themselves and VPK (Left Party Communists), as well.

Since the inception of the unicameral paliament in 1970, a 6-year rule has manifested itself. First Palme was in power for 6 years, then came 6 years of nonsocialist governments, and in 1988 Palme will have completed his second 6-year period. Apparently, it takes 6 years for the voters to forget the sins of a past government.

It is possible that the falling oil prices could be the salvation of the Social Democrats. The nonsocialist governments suffered through two difficult oil crises. Now it appears that the Social Democrats will enjoy the political fruits of falling oil prices. Perhaps this will calm down the defiant common people in Dala and Smaland.

Palme Addresses Party

Stockholm DAGENS NYHETER in Swedish 9 Feb 86 p 12

[Article by Kaa Eneberg]

[Text] Orebro--"Our clever corporate leaders should not jeopardize their position by giving themselves advantages that are out of the reach of ordinary people. When we Social Democrats stated the importance of creating profits for companies, we had no idea that certain corporate leaders would speculate wildly on the stock market."

This was stated by Prime Minister Olof Palme in a major ideological speech to Social Democrats in Orebro County on Saturday. Orebro is in a crisis, as is neighboring Bergslagen.

He also repeated his threatened resort to legislation to prevent a repeat of the recent stock market affairs that have created a growing revolt within the Social Democratic movement in favor of a more just distribution of the wealth. He also pointed to the so-called Leo Commission, which is now in session.

Tangible Items

In full accord with recent speeches, Palme stressed that it was a positive sign that the labor movement was discussing the question of justice. A handful of cabinet ministers will take this same message to various district congresses throughout the country this and next weekend.

"It is good that the labor movement is now discussing distribution and justice. These are tangible items that will help us chart our political course far into the next century. These are words that no one dared speak just 1 year ago when the nonsocialists were talking about investing in themselves."

Prime Minister Olof Palme appeared relaxed, with his well-known mixture of being father of his country and troubled party leader. He dismissed the nonsocialist parties by stating that they were "totally outside the debate and simply repeating their old demands for budget cuts."

Even in the most serious context, Palme finds it easy to elicit laughter from his audience. No one is laughing any more at his "wagon we pushed up over the top of the hill"--a picture of the "third way" of the Social Democratic economic policy.

'No Panic'

One new contribution to the figurative political language that did receive lively applause, however, was his description of the nonsocialists' ownership philosophy of "buying yourself a sofa"--in honor of Conservative Party leader Jarl Hjalmarsson, who once said that this was what voters were doing when they voted for the Conservative Party.

He stood before the 200 delegates at the Brunnsparken Congress Hall surrounded by red flags and assured his audience that appearances by him and his cabinet ministers this weekend were not at all a panicky reaction to the unrest in the Social Democratic ranks.

The district congresses and appearances by the cabinet ministers this and next weekend are simply part of the long-range and long-planned work to shape the Social Democratic policies of the future.

The economic policy of the "third way," from which Palme said he would not "deviate 1 millimeter," has helped Sweden begin to "straighten itself out."

"Now, in all humility, we will look up and formulate our demand for justice--a fair distribution of the wealth in Sweden."

Promised Harsh Times

He reminded his audience that, even during the election campaign, the party had promised harsh times and that, once again, it had made collective savings that can be used to "build for the future."

He stated with extreme caution that there could be room for genuine wage increases in the future if recent predictions indicating low inflation hold true and if oil prices and the strength of the dollar remain low.

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POLITICAL SWEDEN

METALWORKERS UNION STEWARD LED REVOLT AGAINST SDP AUSTERITY

Feldt's Budget Sparked Resignation

Stockholm DAGENS NYHETER in Swedish 31 Jan 86 p 11

[Article by Thorsten Engman]

[Text] Falun--"In our manifesto, we never made any demands for resignation. But if they do not agree with our redistribution policy, there is no reason for anyone to stay on."

So says Ake Wiklund, the instigator of the new "Dala Uprising."

Last Wednesday he sent in his resignation to the Social Democratic Party.

What he means by "anyone" is not just Olof Palme, Kjell-Olof Feldt, the other members of the top Social Democratic leadership, and party officials and representatives. Also included now are Leif Blomgren, chairman of the Metalworkers Union, the leaders in that union, and the representatives at the wage negotiation conference. They were added after the Metalworkers Union's wage negotiation conference decided early this week on a bargaining offer of 8 percent for low-paid workers and no change in purchasing power for anyone.

Ideology

In total, that would cost about 6 percent, thereby remaining within Feldt's "dream" of 7 percent.

In the "Dala Uprising," which originated among mechanics at Scania in Falun and the ASEA in Ludvika, the demand is for at least a 15-percent pay raise for low-paid members and an entirely new redistribution policy in next year's budget--but also for an ideological shift in the entire party. There must be an end to the situation in which "those from above" and "those who got jobs in the apparatus" pursue a bourgeois policy far removed from what the voters on the floor want.

The Metalworkers union branch in Falun has always gone its own way since it was formed in the early 1970's. It has always made heavy demands, withan emphasis on low wage earners. But with no response whatever from its democratically elected representatives at the top.

"The actual ideas in the manifesto were discussed by the guys for several years. The only problem was how we would get our message out to others. Because 2,000 metalworkers in Falun and Ludvika cannot think all that differently than the Metalworkers Union's other members, can they?" says Ake Wiklund, who hit upon the idea of issuing a manifesto to Dalarna's workers.

But reports of the "Dala Uprising" spread like wildfire through Sweden's factories and offices. And by now, employees in local government, real estate, paper mills, the lumber and forest industries, factories, and insurance--20,000 union members in all--have signed the demands.

Ake Wiklund says: "They are people who now see their chance to influence the decisionmakers. The response has been tremendously greater than we expected. We were taken totally by surprise when local unions from all over the country began showering us with telephone calls to say that they wanted to join in.

"We are certainly prepared to accept our social responsibility--we have been doing so for the past 100 years. But everyone has to do it, not just those who are worst paid. These ideas have existed for over 10 years, so they are completely feasible. But we are aware that it will be tough sledding. Clearly, we must have a budget that pays it way, but that is not achieved by a revised marginal tax based solely on the high salaries received by the decisionmakers."

As an example of how a new redistribution policy could be brought about, Ake Wiklund mentions new tax rules for the stock market, a new tax policy, a ban on municipal construction and new facilities for 5 years (the foreign debt would be completely paid off), new home loans paying interest of 2 percent to the state (instead of 16 percent to the banks), better protection of our natural resources and our know-how and education, better utilization of technology, and a tax on machinery rather than on people.

Defection

Many of the above ideas are those of the leader of Dalarna's new uprising. They developed during nearly 30 years in the Social Democratic Party [SDP] and in union work--although he has been active in both branches of the movement for only the past 12 years. But now it is all over. Last Wednesday he and deputy chairman Tony Soderberg gave notice of their resignation from the SDP.

"There is no reason to stay on and work in a party that is guided by values completely different than those of the working class. The Social Democrats have joined forces completely with big finance, and this new budget is only the latest proof of that. Now we are without a party, and it is a pity that there is no party founded on common sense," says Ake Wiklund, Dalarna's new Gustav Vasa, who, scarcely 500 years after his predecessor, is making the powers in Stockholm aware of Dalecarlian wrath. But this time with no trace whatever of a Stockholm massacre.

Gustav Vasa

Although the taste for revolution is there, Wiklund is not a bit like Gustav Vasa and does not want to be compared to him. On the other hand, he strikingly resembles Metalworkers Union chairman Leif Blomgren, but does not want to be compared to "Blomman" either.

"It is not union big shots or politicians who should be talking about how tough things are for industry, since industry does that so well itself, while at the same time we get daily reports on steadily rising profits.

"And how can our wage increases affect industry's competitiveness? The money has already been earned. It is just a question of how big a share of the profit they will be allowed to bury in the ground to accumulate more interest.

"And what kind of profit is it when we on the production floor have to pay high taxes to pay the salaries of bureaucrats and portfolio holders who then have to pay high taxes to pay for our benefits?"

Bureaucrats

During the entire time that one chats with Ake Wiklund, a former bandy and soccer star on the Falu BS team, he is constantly throwing out questions. He does not expect an answer, but one gets the impression that he is more interested in arousing reflection. He has been a Social Democrat, a molder of public opinion, and a champion in the fight against injustices "from long inveterate habit." He did not even think about a position in the union, but 11 years ago the group pressure at Scania became too strong. He ran for election and has been union chairman ever since, although he does not feel that an elected representative should stay on that long.

Spark

"But you have to run when your pals demand it," he says, and despite his full-time union job, he tries to be down on the shop floor 90 percent of the time.

"That is where the ardor is, and one must never leave it."

At the moment, not much ardor is to be seen on Saab-Scania's shop floor in Falun. There is no great lack of feeling, although the spark is smoldering.

"Job satisfaction could clearly be even better, but we are not really complaining," says Timo Tamminen, who does piece work in the front spring assembly section.

"It is clear that we all support a lot of money for low-paid workers, but at the same time, there must be a little bit for the rest of us, too. Otherwise, we won't hesitate for a moment to go out on strike. And 'Blomman' can do something else with his 6 percent."

Feldt Defends Policies

Stockholm DAGENS NYHETER in Swedish 31 Jan 86 p 11

[Text] (TT)--Minister of Finance Kjell-Olof Feldt is not surprised at the debate within the SDP that has arisen over the government's budget and finance policy.

He is even inclined to interpret it as a sign that people have recovered the positive expectations concerning the future that were lost when the crisis was at its worst.

Feldt says: "The economy is going well again, and people are expecting their due share of the rising income. That is just what the government is promising.

"For the first time in 10 years, we now have a chance to collect higher wages. But impatience is obviously great, and at the same time, the citizens can see how speculators and corporate raiders are thriving in the stock market. So we are getting a debate that will be distorted and lopsided, generally confused, and not very constructive."

The minister of finance feels that the worker movement should now direct its collective efforts toward a price and production development that will permit the improved standard of living now within reach to become a reality.

Critics from his own ranks who feel that the government has been preaching austerity only to the wage earners while favoring capitalists hurt Feldt very much.

He says: "The fact is, of course, that the limited reforms we were able to include in the budget mean relief for those most in need. This is also the first budget in a long time not to put any squeeze on households."

The minister of finance also points out that the tax instruments have been exploited to the extent desirable.

VPK Chairman Perceives Advantages

Stockholm DAGENS NYHETER in Swedish 1 Feb 86 p 8

[Article by Ake Ekdahl]

[Text] The VPK [Left Party-Communists] sees a chance of benefiting from the atmosphere of revolt now brewing in the workplaces against the government's austerity policy. Speaking to his party board on Friday, party chairman Lars Werner made it clear that the VPK now has a chance to gain political advantages from the new political situation.

Werner said: "The broad resistance struggle that we have wanted and tried to create against both the nonsocialist governments and the current government may become a reality, considering the way feelings are now growing. This opens up an opportunity to move politics to the left in a concrete way. That opportunity must not be lost."

In a lengthy speech, he reported on the government's budget and the reactions to it within the worker movement. In particular, he noted the intense and oppositional reaction by union spokesmen and quoted at length from statements by leaders of the national unions to the effect that the wage earners are being forced to tighten their belts while owners of capital are making profits on the stock market.

Werner noted: "The reactions from the national unions have been sharper than before."

Anger

He warned: "The question now is how we should assess the mood in the workplaces. There is disappointment and anger, that is clear, but that has existed before without resulting in actions or agitation. We have misjudged the mood, started campaigns, and failed all too often." He called for a discussion as to what action the VPK should take.

The response from the members of the party board was lengthy testimony from the workplaces, and it was especially emphatic from such crisis-ridden regions as Bergslagen.

Several local VPK organizations reported that Social Democrats had telephoned party offices to say that they were leaving the SDP and would be hoping from then on for more justice for the wage earners through vigorous action in Parliament by the VPK.

Injustice

Werner pointed out that the pay talks were formally concerned with wages, but that opinion in the workplaces and the wage negotiations may have several dimensions.

"The discontent has to do not only with wages, but also with constant price and rent increases and unfair tax changes," he said, and he added:

"Issues related to the redistribution policy will in all probability assume a prominent role in the immediate future. The wage negotiations are going to be a good deal more complicated than either the government or the SAF [Swedish Employers' Confederation] thought."

The VPK leader says that national union leaders have indeed expressed strong objections to the government's policy, but that the crucial factor will be local opinion and action out in the workplaces.

He recalled: "The workers have all too often heard strong talk and then seen that talk followed by poor agreements."

Werner's opinion is that Stig Malm and the other union leaders are aware of opinion in the local unions.

He also felt that the government should not be underestimated. Palme is no doubt aware of the latent forces that may be aroused and will surely try to neutralize criticism and calm people down. Werner saw one sign of this in the promise by party secretary Bo Toresson that there would be an emphasis on the redistribution policy this spring.

There is distinct optimism in the VPK leadership that it will be able to gain political advantages from the discontent in the workplaces. Werner expressed himself more cautiously, but in the same spirit:

"We have an intense political spring ahead of us--a time of possibilities and much work. The crucial issue is what kind of activity can be developed, how protests in the workplaces can be put together, how strong they can be, and how much pressure they can exert on the national union leadership, the LO leadership, and the government," said Werner.

He said: "The question, then, is how we, as individual party members and all together as a party, can and will act."

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CSO: 3650/124

POLITICAL SWEDEN

CHINA ON WAY TO BECOMING BIGGEST AID RECIPIENT COUNTRY

Stockholm SVENSKA DAGBLADET in Swedish 31 Jan 86 p 6

[Article by Ola Sall: "Credits Provide New Market--China Becoming Major Aid Recipient Country"]

[Text] China is quietly in the process of becoming one of the biggest recipient countries of Swedish aid. China has requested a total of 1.3 billion kronor in Swedish aid credits for various modernization projects.

As recently as two weeks ago China presented a wish list for a loan of 900 million kronor by Sweden in the form of so-called soft credits.

The list, which contains 15 projects, is the latest stage in a rapidly growing cooperation between China and the Swedish aid agency BITS, the Commission for International Technical and Economic Cooperation. BITS furnishes so-called soft credits at very low interest rates, one-third of the amount of the credit being an outright grant. Those developing countries which are allowed to receive the favorable loans are committed to use the money to purchase from and contract with Swedish companies.

In the past 6 months BITS has concluded a total of 10 agreements on aid credits. Of these 7 were contracts with China. BITS officials are now looking over the list of 15 new projects. Furthermore they have earlier Chinese requests of apporximately 400 million kronor which have not yet been decided upon.

"When the Chinese first approached BITS they thought that Sweden was a small country which could only contribute to small projects. But in the new wish list, not just small projects are involved," BITS director Ingvar Karlen said.

"China is exceptionally well suited for the type of cooperation we will engage in with developing countries. The country is poor but worthy of credit, that is to say, its debts are repaid," Ingvar Karlen said.

For competitive reasons, details of the Chinese list are secret until contracts are drawn up with Swedish companies. However, involved are ventures in the paper, energy, communications and forestry industries.

Thus far BITS has extended approximately 250 million kronor to China for such things as modernizing paper milling, telecommunciations and plants for the production of fiber board, teleprinters, vegetable oils, soy milk and juice.

If all the Chinese requests under considerations by BITS are approved, this would mean 400 million kronor in outright grants from Sweden. The funds are to be expended over the next two to three years.

The amount may be compared to the country limits in SIDA's program countries which are an average of 175 million kronor per country per year. Tanzania receives the most of the program countries, 475 million kronor.

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CSO: 3650/135

BONN ANTICIPATES MASSIVE EUROPEAN HOWITZER SALE TO INDIA

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 24 Jan 86 p 20

[Article by spi: "Bonn Checks Out Armaments Deal with India: German-British-Italian Consortium Supposed to Deliver Weapons System for Six Billion Marks:]

[Text] Duesseldorf/Bonn--The Federal Republic of Germany is prepared to aid India in the modernization of its army. Agencies in the Bonn government are currently checking out details of a German-British-Italian joint offer to New Delhi to deliver armaments valued at about five to six billion marks. They don't expect to be turned down.

According to the current memorandum of understanding disposition of the semi-automatic field howitzer "155-1" artillery weapons system is classified as "trilateral." This means no one government can act alone in this kind of joint production to block the export intentions of any other contracting state. A similar large-scale project between the Federal Republic and Saudi-Arabia was made public recently. Bonn also signaled its basic agreement to this deal at the end of last year.

Duesseldorf defense contractor Rhinemetal's spokesman Gerkrath responded to an inquiry stating that a similar offer has already been prepared for India under the technical management of the British company Vickers. The offer involves primarily the delivery of "several hundred" state-of-the-art semi-automatic NATO 155 millimeter caliber field howitzers. In addition India is apparently interested in a licensing agreement to manufacture this weapon, which they have been deploying since 1976. India is supposed to want an additional thousand system units. They don't expect any payment problems.

The German companies involved in the project will get about a 60% share of the production value for the manufacturing project. In addition to Rhinemetal (the company supplies pipe and loading equipment, among other things), Faun (auxiliary drives), VW (automatic drive engines) and Leitz (sight optics) are among the largest German contractors. In addition to these, MAN is supposed to be interested in the tractors needed for longer-range overland transport. British Vickers is building the gun carriage, and the Italian company O.T.O. Melara has responsibility for the so-called cradle.

The guns are worth two million a piece. In addition to the tractor vehicles, the Indians also want to order sufficient munitions and replacement parts. All together this comes to a delivery value of about four billion marks. They are also supposed to be ordering supplementary defense material such as electronic fire control systems with majority participation by German companies.

The value of this equipment is supposed to come to almost another two billion marks, but the amount has not yet been confirmed.

Current competition for the major contract still includes France, Sweden and above all the Austrian state-owned company VOEST. However, observers give the best chances to the joint German-British-Italian offer--officially represented by the state-owned British company "International Military Service (IMS) of London--although it is supposed to be significantly more expensive than the competition. The system includes a special "family of munitions" developed for this project including explosive, smoke and flare shells.

With this major order the Indians presumably are also guaranteeing themselves an option for completely new so-called smart munition. German companies with defense and electrical-engineering orientation are involved on the leading edge of this research. For all practical purposes, the 10-ton "FH-155-1" canon, with its rated maximum range of 30 kilometers--many experts even talk about over 40 kilometers--, just serves as a transport vehicle for the shells, which are equipped with micro-computers.

The military values the FH 155-1 because of its high accuracy and fire power, but also on account of its enormous mobility and speed. It is capable of putting out six shots per minute with semi-automatic loading. Since there is a 1.8 liter 53 kW VW engine built into the carriage, it can be maneuvered over short distances, even in difficult terrain. It can reach a speed of 16 kilometers an hour and handle 34% grades and water hazards up to 1.5 meters deep on its own power. It is supposed to take only two minutes to prepare the gun for firing after changing positions.

13127
CSO: 3620/566

UK DESIGN CHANGES IMPERIL TAKEOFF OF EFA FIGHTER PROJECT

Bonn DIE WELT in German 7 Feb 86 p 1

[Article by Ruediger Moniac: "Euro-Fighter Encounters Turbulence before First Takeoff: British Military Wants to Change Current Design"]

[Text] Bonn--After the turbulence of the last year, the development of the European fighter aircraft threatens once more to wander into the danger zone. The so-called EFA-project (European Fighter Aircraft), on which Great Britain, Italy, the Federal Republic of Germany and Spain have been collaborating, is endangered by British industrial and military circles that are trying to exert pressure on their government. They want to change the agreed-upon concept of a light fighter aircraft called the "Euro-Fighter" in favor of development of a heavier, long-range interdiction fighter-bomber.

The Defense Ministry in Bonn has already warned the new British Defense Minister George Younger in writing against any such changes. Minister Manfred Woerner is determined to scrap the EFA project if London gives in to its armed forces' requests for changes. Woerner also wants to tell this to his new ministerial colleague week after next when Younger meets with Woerner after visiting British Rhine Army troops in the Federal Republic.

In the meantime, parallel to this situation, it looks as if the possibility exists for cooperation between the countries involved in the EFA project and France, which had declined to take part as a fifth partner because of the advanced planning already done on its own "Rafale" aircraft design. During the Franco-German consultations in Bonn in November, François Mitterand broached the subject with his subsequent offer of up to ten percent French participation in the Euro-fighter. Yesterday high officials of the four ministries met in Bonn on a German initiative to try to formulate a response, which they want to submit jointly today in Paris. They are thinking in terms of an agreement for development of components which could be used in both the Euro-fighter and in the French aircraft design.

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CSO: 3620/567

RISING COSTS, DELAYS STALL FRANCO-GERMAN ATTACK HELICOPTER

Munich SUEDDEUTSCHE ZEITUNG in German 19 Feb 86 p 4

[Article by Alexander Szandar: "Only Costs Rise in Helicopter Project: Joint Franco-German Production Can't Get Off the Ground"]

[Text] Armaments State Secretary Manfred Timmermann reported recently to the Defense Committee of the Bundestag that the venture to build an anti-tank helicopter together with France has become an "irritating project." This comment was a euphemistic understatement. The project is turning into a fiasco. In the interest of the taxpayers and the military, it should be broken off before prestige considerations prevent it.

Due to a cost explosion and significant delays this is an obvious imperative. The German army hasn't requested this course of action yet because they are apparently afraid that this could be misunderstood as an attempt to question the oft-cited "primacy of politics." It was Federal Chancellor Helmut Kohl and President François Mitterand who agreed to build the helicopter on 25 Nov 1983.

At the time Kohl was patching things up after the joint attempt to develop a combat tank had failed. The Defense Ministers thought that they could still unite the widely divergent ideas of the German and French military experts at a common level. They haven't had any luck yet. Past experience has shown, however, that the military groups have to be in agreement if a project is going to succeed. Therefore it wasn't very smart for Kohl and Mitterand to make solemn declarations in public, citing the helicopter project as a manifestation of defense cooperation in general and strengthened Franco-German friendship in particular. They also ignored the tendency of industry to submit optimistic initial cost estimates in order to make a project palatable. Then, once there is prestige invested in the project, they could always--up until now--push through additional demands from federal coffers.

Timmermann had to admit that the helicopter version for the German army wouldn't be ready for deployment before 1995 at the earliest, three years later than was agreed upon in 1983. Industry has backed off from its promises. The undersecretary was no longer willing to venture a cost estimate. Specialists in the Bundestag have calculated that the German share in development costs alone will climb from 900 million to 1.5 billion marks. There has been an equally dramatic jump from a previous maximum of 3.2 billion marks for the estimated cost for acquisition of 212 helicopters.

Now they are trying to figure out in the Defense Ministry whether they should reduce their requirements or specify a maximum amount and see how many helicopters they can get for it. This is certainly the wrong way to go if the chief concern is strengthening tank defense. It would actually be better to enter into a licensing agreement to build American or Italian products, which are already currently available and which meet German requirements. This would assuage the concern to utilize German industrial capacity, which is always a consideration in the defense budget. Above all it would prevent dangerous effects on Bundeswehr armaments and financial planning and head off any threatening collision with other expensive armaments projects. Besides, Franco-German cooperation wouldn't suffer any permanent damage if Kohl and Mitterand could amicably agree at their next summit at the end of February to bury the helicopter.

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CSO: 3620/564

MILITARY AUSTRIA

LOST EXPORT MARKETS LEAVE 190 KUERASSIER TANKS UNSOLD

Munich SUEDDEUTSCHE ZEITUNG in German 12 Feb 86 p 10

[Article by Wolfgang Simonitsch: "190 'Kuerassier' [Tanks] in Stockpile. Tanks Which Nobody Wants To Buy. Continued Controversy Over Austria's Deficit-Ridden Armaments Industry. Government Must Cover Losses"]

[Text] Vienna, 11 February. Austria's arms deals, in dispute at home for years between ideologists of the Left and Right, have reached new dimensions: Because public prosecutors are investigating the semi-public Steyr-Daimler-Puch Company to ascertain whether it did in fact build a munitions factory in Iraq in 1982 and thus violated the law on the "export and transit of war materiel" and the judiciary is examining whether the state-owned VOEST-Alpine has also evaded this law by selling hundreds of cannons to Iran via Libya, questions of principle are being discussed in Vienna: Should arms production be discontinued, or should, as a way out of the dilemma, the law on arms exports be changed and become more permissive?

Two groups got in each other's hair: Moralists and pacifists, a comparatively small, but influential group, condemn arms production generally. Their numerically far superior opponents are pragmatically oriented, they ask why one should leave this lucrative business to other countries, instead of relaxing the law to such a point that arms exports flourish. Among the adherents of this thesis are perhaps Minister of Justice Harald Ofner (FPOe) [Austrian Freedom Party] or the head of the parliamentary group of Christian trade unionists, Robert Lichal (OeVP) [Austrian People's Party], who advocate it in public. Both have met with an at least temporary rebuff. Minister for the Interior Karl Blecha (SPOe) [Austrian Socialist Party] opposes the idea because, as he said, a more liberal law would shake the credibility of Austria's neutrality. Chancellor Fred Sinowatz (SPOe), too, who blames the most recent scandalization of Austrian arms deals on foreign competitors, confirmed that the arms law would remain untouched, but arms production, too, he indicated, is to be preserved since it is important for economic reasons and for the Austrian Federal Army.

Forced on Austria's Own Army

Thus the problem remains on the agenda. For the demand of the Austrian Federal Army for products from the mostly public arms factories has largely been covered since the mid-1970's. They purchase [as published] at most just a fourth of what is produced in the country. And even this at times unwillingly, as for the last time in 1983: At that time, the army had to acquire 96 Kuerassier Tanks at the suggestion of the minister for finance in order to save the producer, Steyr-Daimler-Puch, who time and again is calling for state tank purchase guarantees, from going bankrupt. Since the demonstrations in the summer of 1980, when Vienna was inundated by protests against a planned export of tanks to Chile and in the end the deal was stopped by the Vienna government, Steyr--with the exception of armored personnel carriers to Greece and Nigeria (and 51 Kuerassier Tanks to Argenina in 1981, which then were paid for only in part), has not supplied any tracked vehicles abroad. Last year, the state had to make available from tax revenues an amount, in converted figures, of nearly 2 million marks, declared as contingent liability, for Steyr because 190 tanks are sitting in the overloaded plant stockpile and cannot be sold.

The remaining arms business is also moving at a tedious pace, and for this there are various explanations: Some claim that the arms export law of 1978 on the Swiss model (it was hurriedly passed after the scandal over "sporting guns" for Syria, which forced the then minister for defense Luetgendorf to resign) is responsible for the poor foreign business. Since then, arms exports are, as a matter of principle, dependent on the consent of the government and cannot go to a country that is involved in armed conflict, is threatened by tension, or violates human rights. The rather vague law led to the fact, it is said, that in Austria every planned arms sale, which the different ministries appraise (which facilitates the information of the public through discreet hints) degenerates into a tug-of-war of the arms opponents and the arms advocates. This, it is said, results in highly illogical transactions: Libya is supplied, but Morocco is not. Bolivia receives tanks, but Argentina does not--depending on who happens to be stronger at the moment, the Left or the Right. As a result, it is argued, the reliability of Austria as a supplier of arms has suffered, also because no buyer country is particularly anxious to gain international notoriety as weapons purchaser through heated and noisily conducted debates in Vienna or be caught without ammunition and repair kits in case of war.

Where the United States Does Not Supply

Others explain the low point of the Austrian arms business sooner historically: Austria, which involved itself more strongly in the arms market only in the mid-1970's, it is said, until 1980 time and again profited from various arms embargoes of the Americans, say against Latin American countries. In the era after President Carter, however, it is argued, hardly any opportunity offered itself to Austria to step into the embargo breach as arms supplier. Since then, so the argument goes, it is essentially a dubious clientele which is preponderant, a clientele which, to be sure, orders, but then cannot pay. A number of deals with countries of the Third World supposedly fizzled because the state control bank of Vienna called into question the financial soundness of the buyers and refused to grant export guarantees. The control bank, it is said, learned from the fact that in the case of Austria's arms deals with, say, Argentina, Bolivia and Morocco, which go back quite some time ago, it had to cover a part of the assumed risk with hard cash.

A study to be published next week is likely to provide an impetus for new discussions about the sense and senselessness of Austrian arms production. A team around the Vienna economist and university professor Alexander van der Bellen, by order of the minister for science and research, Heinz Fischer (SPOe), had taken up the subject of "armament conversion". The scientists were to ascertain the volume of arms production (which does not appear in any statistics) and examine possible alternatives of the conversion of military to civilian production. They assumed that 185 companies in Austria (90 percent of them state enterprises) are active in the military sphere, 32 as armament producers in the narrower sense. These 32 companies (15,000 employees) have annual sales of armament goods valued, in converted figures, at 55 million to 1.5 billion marks. "If it had not been for the prohibited arms deals with Iraq and Iran, they would be bankrupt long ago," says one of the authors of the study. For this reason, so the argument goes, it is assured that the Vienna government cannot for long avoid the problem silently and will be able to choose only between two alternatives: Either stop the production of arms--or ease arms exports.

8970
CSO: 3620/565

NEWSPAPER, PRIME MINISTER DEFEND CARRINGTON'S CRITICISMS

'Footnotes' Naturally Disturb Allies

Copenhagen BERLINGSKE TIDENDE in Danish 22 Dec 85 p 14

[Editorial: "Sensitive Footnotes"]

[Text] Lord Carrington, NATO's general secretary, is both a friendly and a wise man, as well as (considering his many years of experience as England's foreign minister) an extraordinarily diplomatic man. He knows whereof he speaks, and he doesn't make slips of the tongue. The excitement surrounding his observations concerning Denmark cannot be attributed to faulty formulation on his part, but rather to faulty understanding on the part of the security-policy 'sensitive plants' surrounding Lasse Budtz.

Carrington made a speech in Karlsruhe concerning the conditions for political cooperation within NATO. One such condition is the desire to understand each other and to keep in touch with each other; in addition, constant efforts by all concerned parties are necessary if the wheels are to be kept turning. He has observed a European tendency to think that mutual consultations are nothing more than something which binds the Americans to continuously rework their foreign policy within the alliance, while the Europeans can do whatever they want. He found it awkward when Greenland made an appearance among the neutral and non-aligned nations in security-policy appeals to the US and the Soviet Union; when a majority of the Folketing stated its objections to parts of NATO strategy; and when the big opposition parties in England and Germany considered doing the same thing. One could comfort oneself with the obvious fact, he said, that the defense policy of a democracy neither can nor should be immune to the political process. New ideas should be heard and tested through debate; and it would be highly desirable to have contacts between East and West become something more substantial than the exchange of ballet-dancers. But he was concerned about the tendency of a number of NATO nations to skim over the necessary cooperation among political factions when it came to the main issues of foreign policy and defense policy. This can have a direct weakening effect on the Western position in the disarmament negotiations, because it can tempt the Soviet leaders to believe that they will have an easier time after the next election, or after the next one after that.

If Lord Carrington should not be allowed to express opinions such as these, then we should be asking ourselves whether NATO ought to have a political general secretary at all. Moving away from cooperation among political factions in security policy weakens the decision process in many places in the West, and now that the majority of the Folketing has insisted on commenting by means of a series of footnotes (since things have come so far here), we can hardly be amazed that our allies have noticed the fact, nor can we be shocked that NATO's general secretary chooses to comment on it. The goal of the Budtz-inspired demonstrations must have been to attract attention and amazement. So why are people so surprised when that happens?

Schluter Rejects 'Pressure' Charges

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jan 86 p 2

[Article: "No Reason to Take Offense"]

[Text] Denmark's prime minister does not think that NATO's general secretary has embarrassed Denmark in his remarks in Frankfurt. Prime Minister Poul Schluter does not believe that there is any reason to take offense at the remarks which Lord Carrington, NATO's general secretary, made last month in a speech in Frankfurt.

This is what the prime minister said in a reply to Kjeld Albrechtsen (Left Socialist Party). Albrechtsen had wanted to know what the NATO general secretary had meant by saying that the interests of Denmark and other NATO nations can be disregarded.

In his reply, the prime minister said that Lord Carrington, to judge from the transcripts of the speeches, had said that it could cause problems for the alliance if a number of member nations decided to take exception to current common practices in foreign policy and security policy.

The prime minister does not think that the speech can be construed as an attempt to put pressure on Denmark. Moreover, he would welcome it if the Folketing's security policy committee would take up the matter with the general secretary next month, when the committee visits Brussels.

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LIBERAL MP: DEFENSE COMPROMISE ENDANGERED BY LEFTIST PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 11 Feb 86 p 7

[Article by Helle Ravn Larsen and Jesper P. Jespersen; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Of course the defense compromise stands firm, but the new realistic ideas the Left-Socialists [VS] have about supporting NATO membership are interesting, according to Budtz. Bjorn Elmquist (Liberal) said that the nine-point VS security program would lead to Danish withdrawal from NATO.

"It is noteworthy that VS appears to be approaching the Social Democrats on NATO policy. The fact that VS wants to use NATO for political purposes could make VS even more dangerous. The consequences of approving the VS policy would be withdrawal from NATO. The Socialist People's Party [SF] understands that, but apparently Knud Damgaard (Social Democrat) does not."

Bjorn Elmquist (Liberal [V]) made this comment on the support Social Democratic defense policy spokesman Knud Damgaard indicated for the nine-point security policy program that was prepared by Klavs Birkholm of VS.

VS supports NATO membership but wants to renegotiate the air reinforcement agreements. The agreements establish rules for how Denmark will support and reinforce American planes to be sent here in case of a crisis or an open conflict. A renegotiation of these agreements next year would be a breach of the defense compromise the Social Democrats arrived at with the government coalition parties.

However Knud Damgaard lacks support for his approval in the Social Democratic Folketing group. The party's foreign policy spokesman, Lasse Budtz, said that Knud Damgaard has been somewhat misinterpreted, but stated:

"I can safely say that we have no plans to violate the defense compromise. We intend to have a defense system and we intend to be associated with NATO. At the same time we want a nuclear-free zone, but the two things can be reconciled very easily. We will not violate the compromise but we would like to discuss the VS program," Lasse Budtz said.

He described the nine-point program as very interesting and said it indicates a shift in VS and a new realistic way of thinking that he would like to discuss with the party.

Anne Grethe Holmsgaard (VS) said that it came as a big surprise to her that Knud Damgaard agreed with the points in the program. "But it shows that some changes are taking place in the Social Democratic Party," she said, while conceding that Klavs Birkholm was the person responsible for the nine-point program. It has not been discussed by the VS Folketing group and is not on the agenda of the party congress to be held at the end of the month.

6578
CSO: 3613/72

DEFENSE MINISTER: PROBLEMS REMAIN DESPITE POLICY COMPROMISE

Copenhagen AKTUELT in Danish 13 Feb 86 p 9

[Text] Copenhagen--The defense compromise did not represent a final solution to basic defense problems. The need for materiel renewal in vital areas was not met.

That is Defense Minister Hans Engell's opinion of the defense compromise he helped bring about. The criticism can be read in the minister's annual report to the Folketing Defense Committee.

Hans Engell (Conservative) is still critical of personnel cuts, mounting problems in relation to materiel renewal, dwindling stockpiles and an inadequate level of activity. But he added: "It has been possible on the basis of rationalization measures, reorganization, the recycling of materiel and the feeling of great loyalty to the community served by the military to maintain an effort that can be described as credible."

The defense effort is still some way from the point where Denmark's NATO allies would no longer feel justified in sending reinforcements here, Hans Engell asserted: ""But it is equally clear that unless we manage to create support for military needs in the years ahead we will simply be putting off dealing with a great many problems that could be almost impossible to solve later on."

Today peacetime military forces include 31,300 men plus 9,300 civilian employees. That is a drop of 10,000 people compared to 1970. However the wartime force level has declined by a smaller amount, from 104,000 in 1970 to around 98,000.

The last defense compromise placed greater emphasis on the efforts of conscripts and the period of service for combat and engineering troops has been extended from 9 to 12 months. This change has not yet gone into effect and the distribution between enlisted men and conscripts has not yet been specifically determined.

Up to the end of 1989 there will be a gradual conversion of units to enlisted units serving under 2-year contracts, e.g. enlisted men and conscript units with 1 year of service, the report said. The first call-up for 12 months of service is scheduled for April.

6578
CSO: 3613/75

PARLIMENTARY DEFENSE COMMISSION URGES LAND FORCES EMPHASIS

Helsinki HUFVUDSTADSBLADET in Swedish 21 Jan p 16

[Article: "Armed Forces Pin Faith On Land Forces In 1987-1991"]

[Text] The continued modernization of land forces characterizes the Defense Ministry's plan for the years 1987-1991. Close to one-half of procurements in this period will be invested in land forces.

The personnel situation is a source of concern, and the military authorities have not succeeded in following the recommendations of the third parliamentary defense commission. Accordingly a personnel increase ought to occur more rapidly then before. Reserve exercises will be increased as well, and it has been proposed that reservists' pay should be increased. Overall 31.4 billion markka are being allotted for the defense of Finland over the next 5 years if the Ministry's basic plan is carried through. The Ministry is also proposing a more rapid modernization plan which would cost 34 billion markka.

In broad terms, the plan is based on the report of Parliament's Defense Commission and on the appropriation level in this year's national budget.

It is estimated that the basic plan includes a real annual increase in military expenditures of 3.3 percent.

Next year military defense will cost slightly more than 5.9 billion markkas if the plan is carried out. In this year's budget slightly more than 5.1 billion is alloted.

Of the future procurements, 48 percent will be devoted to land forces. The air forces will get slightly more than one-quarter and naval forces a bare one-fifth. Seven percent remains for general arms procurement.

Costlier Armament

The Ministry points out that armament is becoming even more expensive. Prices are climbing much more rapidly than is generally the rule. This so-called technical price increase is estimated to be approximately 5 percent per year as against two percent heretofore.

The extent of home labor in the procurements of the armed forces is approximately 38 percent. THe employment effect is approximately 9,100 work years. If the empolying effect of Soviet imports is included, the figure rises to 15,000 work years.

The plan gives no further particulars about what will be acquired over the next 5 years. There is only discussion of needed on going and new acquisitions.

The Ministry says that the defense system's performance capacity is deteriorating because of both quantitative and qualitative shortages. These are to be found in the command and guard systems, in the land forces' tactical and operational flexibility and fire power, in the naval forces' mining and surface combat capacity, and in the coastal defense's flexible weapons system. In addition there are shortages in air force headquarters' materiel, in combat materiel and in equiping bases, including anti-aircraft capability.

Within the land forces, modernization proceeds, among other things, by arming the infantry and with armored vehicles and field artillery. Within the navy, guided boats are still of interest, as in the modernization of the coastal artillery. Within air force, among other things, a continued strengthening of anti-aircraft defenses and the acquisation of new fighter planes are being completed.

Personnel Shortage

As for the personnel question, the defense forces now lag behind the recommended rate of increase by almost 30 percent. During the present period 1,000 persons is an absolute minimum. As an example, the new Helsinki-class guided boats cannot be put into operation without more personnel.

The personnel shortage is said to be one of the armed forces' most severe problems.

It is estimate that the number of recruits will decline from approximately 34,000 to 31,000 during the 5 year period. There will be accordingly be no increase in expenditures for their upkeep. On the other hand, a more rapid increase in the daily wage rate is being suggested; according to the recommendations this rate is currently lagging behind by 9 percent.

For the salaries of reservists called up for active duty, 100 million markka are needed so as to increase these salaries by 50 percent. As things currently stand, one-third of reservists called up for active duty have to refrain from participating in exercises owning to economic hardships.

Main war exercises will beheld in 1988 and 1990.

Foreign Policy

According to the plan,the defense forces' aim as apart of Finland's security policy is to support the country's foreign policy efforts to stay out of war and armed conflicts. If the efforts fail, the country's integrity would be protected with weapons and in the worst instance with war it is said.

The defense forces' capacity to perform should be adjusted to the prevailing military policy situation, the general military and war-related technical development as well as military measures by the neighboring states in Northern Europe, the Ministry states.

12789/13068
CSO: 3650/131

CONSTRAINTS UPON MILITIA TRAINING, MOBILIZATION CAPABILITIES

Lausanne REVUE MILITAIRE SUISSE in French Jan 86 pp 6-9

[Article by Division Commander Denis Borel: "Predominance of the Militia in Finland"]

[Text] 1. Overall View

1.1. The author of this article has already devoted a number of texts to a brief description of the various forces made up or with a heavy component of militiamen (in Switzerland, Austria, Sweden, South Africa and Norway), which have been published in the REVUE MILITAIRE SUISSE.

The series is completed and ends with this article pertaining to the land forces of Finland. In that nation, the troops in what is generally termed the standing army total about 30,000 men, while the militia component seems likely to include units of several hundred thousand men.

1.2. We propose to see whether the standing army may not be more of a complex of educational units than a rapid intervention force, and to study the problem which it is indeed difficult for the Finnish people to resolve--ensuring militia units which are truly capable of immediate action upon mobilization, when the total length of the practice sessions is only 40 days, distributed over a period of more than 30 years, for ordinary soldiers (100 for commissioned officers, and 74 for noncommissioned officers).

1.3. Finland has won our admiration by the way in which it faced up to its powerful neighbor in 1939-1940, and then in 1941-1944. Indeed it was forced to lay down its arms and yield portions of its territory on two occasions, but it was spared enemy occupation. The peace treaty imposed on it by the USSR included strict limitations on military strength. It does not have the right to have permanent land forces in excess of 34,400 men, to have more than 60 combat aircraft or to maintain a navy other than for coastal defense, with a land-based artillery component.

However, the people of Finland take their defense very seriously, although their financial resources are modest. Like the Swiss, they want to avoid giving the impression that their country represents a military vacuum which a neighbor might be tempted to fill before someone else does.

1.4. All ablebodied citizens reaching the age of 20, out of a population of 4,800,000, receive 8 months of training as soldiers, and then join units in which they remain until at least the age of 50. The contingent of men between 51 and 60 years of age, moreover, can be mobilized as well, in case of need. It can be estimated that 32,000 soldiers and noncommissioned officers are trained in the land army every year. By way of comparison, let us recall that in Switzerland, there are 6,400,000 inhabitants, including 5,500,000 Swiss citizens, and 36,000 recruits are trained there annually for the land and air forces. Of this 36,000, 4,000 are subsequently promoted to and retain the rank of corporal, while 2,500 are promoted to a higher noncommissioned or commissioned officer's rank.

1.5. The people of Finland are indeed fond of saying that they have 700,000 trained men between 21 and 60 years of age (Switzerland has 625,000 men between 21 and 50 years of age in its units).

1.6. It is on the basis of the above figures and some others pertaining to the numbers and strength of the units that the comments which follow have been drafted. Differing figures must always be interpreted in order to find a plausible explanation!

2. Permanent Operational Troops or School Units?

2.1. The information gleaned from nonclassified documents justifies the assumption that the standing army is made up of: one mechanized regiment, one regiment of light infantry (guerrilla warfare troops) and six infantry regiments, all of which are called brigades; seven battalions of independent light infantry, two artillery regiments, and two autonomous artillery groups, as well as command and service units.

2.2. These units include approximately 9,000 career soldiers, about 5,000 conscripts engaged in 11 months of training as group or section leaders, and the two thirds of the other 27,000 conscripts called up by thirds every 4 months, or in other words 18,000.

This yields a total of some 32,000 men, for an authorized strength of 34,000.

2.3. It is reasonable to assume that of the 9,000 career soldiers, 3,000 are assigned to the higher general staffs and the services on the army level, 3,000 are distributed among the units of recruits, and 3,000 might constitute rapid intervention units.

2.4. In Switzerland, the training of soldiers and cadres takes place in schools, the contingents in which never represent operational units. In Sweden the schools bear the names of the old regiments from the days of the standing army at the beginning of the century. The Swedish military authorities believe that the units of recruits could, if needed, be assigned to active service as of the second half of the seven-and-a-half month school course for recruits.

The training of young Finns in the regiments and battalions or autonomous groups involves a basic instruction period of 2 1/2 months, a 4-month period devoted to acquiring the ability to use a weapon, missile or vehicle of a given type (alone, or in a team situation) and ends with a period of combat training in a company or battalion lasting a month and a half. One might presume that only the units of recruits which have reached this last stage of training might be used as intervention forces. This means that in addition to the 3,000 career soldiers who could constitute a permanently available first striking force, there would be on four occasions during the year, and for 6 to 7 weeks, a contingent of some 12,000 men (9,000 recruits, 2,000 cadres, and 1,000 career soldiers distributed in the units) to which one could have recourse in the event of a threat (see chart).

Let us assume, however, that the Finns might believe that the recruits with 4 or 5 months of training would be capable of strengthening the frontier guard corps, in small units, or protecting equipment depots, bridges, tunnels, etc.

2.5. The standing troops thus have many more schools in peacetime than the rapid intervention forces. There are, moreover, contingency plans for making them operational in the event of danger by assigning to them two age groups of trained soldiers, probably the youngest, such that the brigades would then comprise four battalions and one artillery group.

3. The Difficulty of Training Large Militia Groups

3.1. It seems to have been determined that the units established, supplied with equipment and capable of mobilization (not including the standing troops to which trained soldiers have additionally been assigned) include about 12 mobile regimental groups (which can be estimated at 12 x 6,000 = 72,000) and about 120 regional battalions (about 120 x 1,000 = 120,000).

This yields a rough total of 200,000 men. If we add the 50,000 assigned to the standing troops, we obtain a total of 250,000.

There should thus be enough of these men, in addition, to staff the local guard posts, if Finland really does have the resources to equip and arm so many soldiers. (Only 30 percent of the defense budget is allocated to investments, while in Switzerland the figure is 48 to 52 percent.)

To provide commanders for the troops, Finland does indeed seem to depend basically on career officers, each of whom is prepared to move up one rank in the hierarchy in the event of mobilization for war (meaning that companies will then be commanded by lieutenants, battalions by captains, etc.). There seem to be few militia captains.

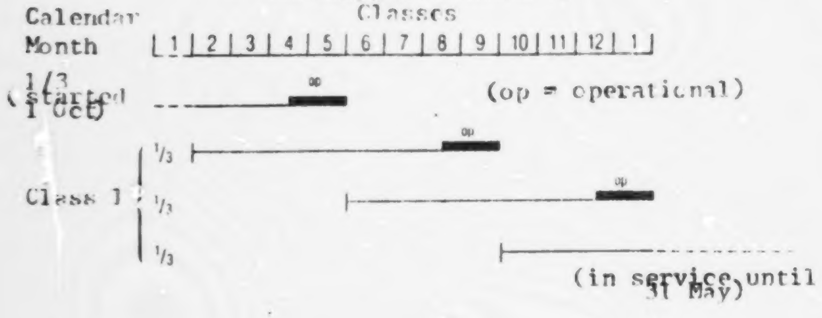
3.2. One can presume that the two youngest age groups (men 21 and 22 years old) which can be mobilized within the framework of the standing troops will not be called up for practice courses. We know, moreover, that Finnish soldiers can no longer be called up for training purposes after the age of 50. During the 28 years of membership in a militia unit, therefore, a simple soldier may only be called up for a total of 40 days (the comparable figure in Switzerland is 210).

3.3. How can this limited period of service days be best exploited? If one wants to carry out tasks of a somewhat substantial duration, one could opt for three courses of 2 weeks each (one every 9 years). If frequency is deemed of primary importance, a plan for six courses of 1 week each (one every 4 to 5 years) would be preferred. In other words, the authorities in Finland must choose between alternatives with major inconveniences.

3.4. Moreover, there is reason to think that financial considerations reduce the actual length of service demanded of each soldier to less than 40 days. We read in some sources, in fact, that only about 30,000 mean are called up annually for a practice course (the number in Switzerland is at least 10 times this). Now if the plan calling for three courses of 2 weeks each were implemented, more than triple this number would have to be called up, and if the plan for six courses of 1 week each were chosen, five to six times as many.

3.5. Let us not forget, however, that the people of Finland are men of character who are enamored of independence and accustomed to a harsh life. They could amaze us in the future, as they did in 1939, with a spontaneous defensive capacity.

Training of Recruits
in Staggered Third of
Classes



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5157
CSO: 3619/30

STRAY URGES NATO TO MEET CHALLENGE OF USSR ARCTIC BUILDUP

Oslo AFTENPOSTEN in Norwegian 19 Feb 86 p 3

> [Text] The resolution in the Troms Labor Party and a proposal coming up in the Oslo Labor Party are probably the reasons why Foreign Minister Svenn Stray recently, in a speech before the Stavanger Defense Union, warned against demanding a statement from naval vessels entering Norwegian ports that they are not carrying nuclear devices.

In the speech, Stray said that it has never been the Norwegian position that fleet visits by allied or other vessels with possible nuclear weapons on board would be a break in Norwegian nuclear policy. The Foreign Office leadership thinks, according to what AFTENPOSTEN has learned, that it is time to give this warning, particularly since the organization, "No to Nuclear Weapons," is beginning a campaign aimed at getting as many Norwegian communities as possible to demand such a "nuclear guarantee."

Although there has never been any stated condition on the Norwegian side concerning incoming vessels, Stray said that the present government has assumed that both allied and other nuclear powers will respect the limitations Norway has on its nuclear policy. Stray maintained that if Norway should try to change the practice of the nuclear powers by making them either confirm or deny that their vessels are carrying nuclear weapons when they enter Norwegian ports, it would create considerable unrest both in our relations with our neighboring countries and with our allies. According to the foreign minister, a new policy would make it more difficult or even impossible to maintain relations and to carry out exercises with allied naval forces.

Soviet Control

Foreign Minister Stray dealt especially in his speech with the defense and security policy problems in the north created by the strong Soviet fleet buildup on Kola that has taken place throughout the 1970s up to today. He stressed the importance for the Western alliance of being able to neutralize Soviet power in the Norwegian Sea, a power that could threaten the sea lanes connecting North America and Western Europe. Therefore allied naval presence in this area is of utmost importance.

"What some people have suggested recently, that NATO should passively accept increasing Soviet activity, cannot be correct. It would be unfortunate if we did not react to this development. We cannot close our eyes to the consequences, including the political ones, that will result if the Norwegian Sea is turned over to Soviet dominance," the foreign minister said.

9124
CSO: 3639/81

ALL ARMED FORCES BRANCHES TO GET NEW MATERIAL IN 1986

Oslo AFTENPOSTEN in Norwegian 21 Feb 86 p 6

[Article by Thorleif Andreassen]

> [Text] "I should like to warn against the idea that we have a bad defense force. Of course Defense Chief Fredrik Bull-Hansen does not think so, either," Storting Representative Thor Knudsen (Conservative Party) said in an interview with AFTENPOSTEN. Knudsen says that it is fortunate that 1986 will be a year of large military acquisitions in all armed forces branches. "The procurement program will also continue the following year. There may be purchases of material at the rate of three billion kroner a year."

AFTENPOSTEN: Do you agree with the claim that Norway's relative defense capability has been weakened in recent years?

Knudsen: In my opinion, we are facing difficult problems of definition here. It would, for example, be of little significance to speak of Norway and the Soviets in an isolated connection. Norway is one part of the Western defense alliance, and therefore it is quite natural to consider Norway's place within NATO on the one hand and in relation to the Warsaw Pact on the other.

AFTENPOSTEN: Do the professional military men want a larger real budget growth?

Knudsen: We cannot avoid the fact that before the Willoch government took over in 1981 real budget growth was unfortunately not achieved. Therefore it has been gratifying to note that real budget growth over the past four years has been much better. On the average it has been about three and a half percent. This is of great significance for the whole defense system.

Right and Duty

Thor Knudsen, who is a member of the Storting's defense committee, says that the defense chief has both the right and the duty to present his professional military advice on the defense budget. "I should say so! But it is also clear that professional advice must be the subject of evaluation by the department and the political leadership, and finally, by the government and the Storting."

More Rapidly

AFTENPOSTEN: Are you satisfied with a growth in the defense budget of 3.5 percent?

Knudsen: No, I would like to have a larger defense organization, particularly so that material deliveries might be received more rapidly. On the other hand, the Lagting president has made a list of positive developments in defense. Preparations for storing heavy material for the American Marine units has gone quickly. The new HAWK system will be installed at airports as early as next year. The updating of the Navy's escort vessels means a lot. We will receive six new submarines, and the old ones will be modernized. It is of great importance for the Air Force that the F-16 aircraft will be equipped with Penguin MK-3 missiles.

AFTENPOSTEN: What about the Army?

Knudsen: Gratifying things are happening there, too, with the reestablishment of strike force units in the North as well as significant acquisitions for the whole Norwegian Army, above all in the renewal of rolling stock. In addition, all brigades will receive the modern antiaircraft weapon, Robot 70. Armored tracked vehicles are being equipped with Norwegian made turrets with gun carriages for antitank missiles of the TOW type.

9124
CSO: 3639/81

MILITARY

SWEDEN

DEFENSE MINISTER CARLSSON MAKES FIRST POLICY STATEMENT

Training, Motivation Key Concerns

Stockholm DAGENS NYHETER in Swedish 3 Feb 86 p 7

[Article by Bengt Falkkloo]

[Text] Storlien--Much remains to be done to improve the situation of those employed in the Armed Forces. They should not have to be transferred or be forced to quit because of poor pay.

So said Minister of Defense Roine Carlsson as he made his first major public appearance since his appointment 4 months ago.

The minister of defense was speaking at the 40th People and Defense Conference in Storlien, and in a lengthy address, his tone became sharper on the subject of security policy.

He said: "Even in difficult times, we manage to strengthen Sweden's freedom from alliances and to make it clear to the big powers that Sweden will continue its neutrality policy forever.

"I was therefore surprised to note that the Conservative Party wants us to become full-fledged members of the EC."

Intrusions

"When that issue was being considered in the 1960's, there was discussion as to whether Swedish neutrality was consistent with membership. The conclusion was that it was not, and that has turned out to be the case. There must have been a slip-up on the part of Adelsohn and Bildt."

Roine Carlsson also said that "no declarations in the world" will help if we cannot show that we are able to resist attack.

"We must be stable and base our total defense on continuity. One of the main tasks of the defense force in peacetime is to protect our territory and prevent intrusions, which are always serious and can never be accepted."

He also pointed out that antisubmarine operations are very difficult for all nations and that one can never be absolutely sure of complete protection from intrusions.

"But we have emphasized that we are seeking good and stable relations with the Soviet Union. We must be able to meet so as to clear up the problems that exist."

But to accomplish all that, the level of training must be increased, and preparations for mobilization must be improved.

Quality

There is a new aircraft system, new coastal corvettes have been ordered, and the armor that Sweden has will be adequate for a while longer.

"Now we are going to take a look at quality within the Armed Forces, and that includes conscript training, for one thing. The level of motivation they have on first entering the service must be maintained."

According to the minister of defense, today's conscripts leave the service with less motivation than they had when they entered. He had no ready solutions, but quality is to be improved, as is the working situation of the instructors--that is, the officers.

It is not just fighter pilots who are leaving the service. Other highly trained technicians and officers are also quitting their jobs either because of poor pay or because of the working situation itself.

Sleeping Peacefully

"There must be a way to stop these transfers of personnel all over the country. I don't know how it is to be done, but it must be possible somehow. Our officers cannot be moved about in just any way as in the past. They have families, working wives, and children in school to think about.

"But despite the recent discussion among senior officers concerning the security situation, I am not worried, and I sleep peacefully at night. But I understand their articles in the newspapers, and I feel that things should be discussed openly."

Minister's 'Stability' Emphasis Viewed

Stockholm DAGENS NYHETER in Swedish 3 Feb 86 p 2

[Commentary by Svante Nycander: "Better Psychological Defense Needed in Armed Forces"]

[Text] Storlien--The Conservative Party's proposal that Sweden seek full-fledged membership in the EC appears to be a slip-up. Or else the party has not understood the demands placed on us by our neutrality policy.

That tactful comment was the only polemical element in the speech by Minister of Defense Roine Carlsson to the People and Defense conference in Storlien on Sunday. The speech marked his debut as an interpreter of Swedish security policy. If one were to use one word to describe the recurrent theme in his speech, that word would have to be "stability." No living Swede can pronounce that word with more obvious conviction than our new minister of defense.

Roine Carlsson sticks to what is safe and certain. He found good use for last spring's unanimous Defense Committee report on security policy, partly as support for the view that Sweden can reasonably expect some form of advance political warning before we are drawn into a war and that an isolated attack on Sweden appears unlikely.

The recent debate shows that the report on security policy contains more than just the obvious. The Defense Committee analyzed some problems in such a way that we now know which of the defense policy's premises are the subject of agreement at least among the political parties.

Roine Carlsson engaged in a touch of self-criticism on behalf of the government party when he spoke about the shifts between tension and detente in relations between the big power blocs. He said that brief periods of reduced tension should not lead to reduced defense ambitions in Sweden. That, of course, was precisely what happened as a result of the 1972 defense decision and after that.

Foreign submarine activity was touched on by Roine Carlsson in a diplomatic and remote manner. He said: "Intrusions are always a serious matter. The government takes an extremely serious view of the reports by the OB [supreme commander of the Armed Forces] concerning intrusions." That has been the government's standard wording since the autumn of 1983, apart from a famous panel discussion exactly 1 year ago. Would it be possible sometime for us to learn whether the government believes those reports of intrusions?

The minister of defense pointed out that conscripts have a high degree of so-called motivation when they begin their first period of service but that their motivation declines during training. He mentioned a few possible explanations, one being the working situation of career officers. That brought him immediately to the subject of resignations from the military.

Can it be that motivation is also declining among career officers? There exists within the Armed Forces a mixture of disappointment over the failure to fulfill their most urgent mission--to keep our territory free of intruders--and a gnawing impression that they are not being supported. Such feelings may play a role as far as morale and job satisfaction are concerned, and one of the defense minister's jobs is to keep psychological defense alive in the Armed Forces. Even tough warriors may need a little love and fatherly care.

11798
CSO: 3650/132

MILITARY SWEDEN

BRIGADIER GENERAL VIEWS DOUBTS OVER DEFENSE CREDIBILITY

Stockholm DAGENS NYHETER in Swedish 31 Jan 86 p 5

[Op Ed article by Brigadier General Einar Lyth; first two paragraphs DAGENS NYHETER introduction]

[Text] Confidence in our ability to uphold our security policy has begun to falter--abroad, among Swedes in general, and, unfortunately, even among Swedish officers. It would be a tragedy both for us and for our neighboring Nordic countries if we began to drift away from our neutrality policy before honestly attempting to make it economically secure through sufficiently strong defense. So writes Brigadier General Einar Lyth below as he continues DAGENS NYHETER's debate on security policy.

Einar Lyth is commander of I3/Fo-51 in Orebro. He is also known as a debater on defense matters and a writer on military affairs.

There was some talk last fall of a credibility crisis in the Armed Forces. Its most noted feature was the confusion felt by naval officers with regard to antisubmarine operations. That confusion was labeled a lack of confidence in the government. The problem was only partly a matter of inadequate funds. It involved primarily the uncertainty of the naval officers concerning the government's purpose with regard to anstisubmarine operations and its evaluation of incoming reports. A credibility crisis of this type is a matter of leadership, and resolving it ought to be simple.

Regarding the credibility aspects of our security policy, three elements are more serious: the faith placed by 1) the rest of the world, 2) the Swedish people, and 3) Swedish officers in the workability of our security policy. In this article, I wish to bring up a few ideas concerning that credibility.

An alliance-free and neutral territory in a zone of tension runs the risk of becoming the object of a race between competing big powers. So if a small state is to pursue a successful neutrality policy, one requirement is a level of armament and political stability that will not provoke a race between big powers in a crisis situation (as in Norway in 1940) or tempt one of those powers to move its position forward in a situation where the other power finds it hard to intervene (as in Afghanistan in 1979 and 1980).

We do not know whether our defenses are strong enough not to provoke a race or unilateral actions. But we do know that we have become relatively weaker and that that fact has been noted abroad. Jonathan Alford, deputy head of the International Institute of Strategic Studies (IISS), points out that over the past 20 years, Sweden's defenses have grown weaker in both absolute and relative terms and that the targets which a big power can reach by attacking Sweden have increased in value during that same period.

This, he says, may mean that the cost of attacking Sweden has now become acceptable even though it was not acceptable previously. He points out that for a long period, Sweden has been "relentlessly" transferring sizable resources from defense to other sectors of society and that so far, Sweden has not managed to break that trend toward disarmament despite submarine activity.

That is one of several expressions of foreign concern over the path that Sweden will soon choose in its 1987 defense decision. Confidence has also begun to waver in other quarters. As an example, we can mention the article in Norway's AFTENPOSTEN under the headline "Can We Rely on Sweden?"

The background to all this, naturally, is that in 1972 we took the lead in detente by decreeing zero growth for the military on the grounds that political and economic realities would also force other countries, including the superpowers, to follow suit. It did not happen. The others continued their arms buildup with defense spending which, in general, increased by 3 percent annually in real terms.

In 1980 (Afghanistan,Poland, and so on), detente came to an end, and Sweden was affected by the new Cold War through such events as submarine incidents.

Sweden did not yield verbally or when it came to vigorous use of its remaining antisubmarine resources. To that extent, we earned respect abroad. But would Sweden now be able to retreat from its path of zero growth, which had had the unintended result of making us a case of isolated disarmament?

Fast and vigorous political action by the Swedish Government could have led to a decision to reverse the trend toward disarmament as far back as the 1982 defense decision. But the mills of defense policy grind slowly in peacetime in all countries. Perhaps a few years are required to evaluate the new features of Sweden's security situation. Now (1985) that evaluation is complete in the defense committee's report on security policy.

The decision on defense development between 1987 and 1992 will soon be made. Foreignassessments of Sweden's future political will and military ability to hold its territory in peace and war will be based on the economic level we choose in the 1987 defense decision. Objectively, it would be advisable to try to regain at least the military strength that we had in 1972. But the OB [supreme commander of the Armed Forces] considered it wisest to propose only enough increase in our appropriation level to keep our lag with respect to the rest of the world from continuing to increase (the OB level). From the security standpoint, such a modestly designed OB level is to be viewed as a minimum bid. Has anyone really noticed the difference between the design of the OB level now and previously?

People in general have no possibility of becoming thoroughly familiar with security policy matters. The average Swede feels that neutrality is good and that defense spending is high enough. That deeply ingrained basic attitude is not easily changed. But now there are signs of a shift.

As an active speaker on defense matters around the country since the late 1950's, I had never been asked the question: "Shouldn't we join NATO?" I have been hearing that question more and more frequently over the past 3 years. In my opinion, this is due to a feeling that we can no longer handle our defense without help. Submarines in the archipelago, picture salesmen at air force bases and fortifications, mysterious TIR [International Road Transport of Merchandise] trucks and ships present at our military exercises, and the erroneous idea that we cannot afford to pay more for defense have led many people to doubt our military ability to uphold our neutrality policy.

If such feelings continue to spread, our security policy will be undermined from within. What individuals think is quickly reflected in the press, and what the press thinks is soon being thought by a few politicians.

That, too, is an important credibility issue that will be affected by the 1987 defense decision. That decision must lead to improvements that the Swedish people can see in the ability to uphold our security policy and defend our territory--the latter not only in connection with antisubmarine operations.

It would be a tragedy both for us and for our neighboring Nordic countries if we began to drift away from our neutrality policy before honestly attempting to make it economically secure through sufficiently strong defense. How big a national sacrifice are we prepared to make to uphold our present security policy? Where does the upper limit lie? I am convinced that it lies considerably above the current level of defense spending.

The Swedish officer is an extraordinarily loyal public servant. His loyalty is based on the conviction, acquired through training, that the role of the military authorities is to work to prevent war and preserve peace within the framework of carefully prepared and well-balanced security doctrine that also includes foreign policy, aid policy, and so on. (And that we have!) He knows that defense is built on a well-functioning and economically strong society. He feels that the leveling out of classes and living standards that has been achieved is a good basis for a strong will to resist attack.

More than most other groups of government employees, the officer corps is schooled and trained to try to get the most out of available funds both in the field and in the office. When funds shrink, he pounces on the problem with his built-up reserve of job satisfaction and tries to achieve the stated goals anyway. The result is that when rationalization and cutbacks are required, it is possible to go a long way with no risk of squeaks in the machinery.

An officer is also tough. He generally takes the teasing, questioning, and deliberate casting of suspicions with equanimity in the self-assured conviction that he is working to ensure the most essential aspect of society's security. But precisely because of his loyalty to society, he is sensitive about appearing as an alarmist, narrow specialist, or militarist. In the defense debate, he therefore keeps a low profile and generally tones down his fears and doubts.

The result of all that was that throughout the 1970's, the military accepted the political leadership's assumptions concerning continuing detente and impending international arms limitations. As the gaps in defense gradually came to be seen as risky, they accepted the assurance that increased defense spending to keep pace with the rest of society was "politically impossible."

Perhaps they did so because the politicians were acknowledging the gaps privately and pointing out that if our security situation worsened, it would be easy to increase the appropriations quickly, because there would then be political support from the people. And besides, of course, we had no reason to expect bolts of lightning out of the blue. We could expect forewarning--for example, in the form of stepped-up intelligence activity directed against our country.

But then the situation changed. The Cold War returned, and there was a rise in foreign intelligence activity directed against us. Arms limitations abroad did not materialize. Then came the Submarine Commission's harsh report, but no increase in funds--only a slight slowdown in the undermining of defense money. The gaps detected in the Swedish hedgehog's fur thanks to that spotlight were evidently going to be covered by rearranging spines from that part of its fur where the gaps did not show, since up to now they have eluded the public's view. There was astonishment among the officers, with evasive answers from the politicians. Eventually there was reference to the upcoming 1987 defense decision, which many officers anticipated would have to result in substantially higher defense appropriations aimed at rapidly recovering at least part of what had been lost since the error of judgment in 1972. Will it happen? If not, will it be possible to retain officer confidence in the security policy within whose framework those officers chose to carry out their professional duties?

To sum up, it can be said that confidence in our ability to uphold our security policy has begun to falter--abroad, among Swedes in general, and, unfortunately, even among Swedish officers. The question is not limited to our antisubmarine capability--it is more extensive than that. But the repeated submarine incidents are nevertheless an example of how a peaceful small state's military gaps can undermine its security policy. Is that not warning enough?

The 1987 defense decision will probably determine whether that faltering confidence is going to be restored or transformed into a credibility crisis, which in its turn may lead to a crisis in security policy.

11798
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ARMY COMMANDER: SHORTCOMINGS MUST NOT BE ALLOWED TO WORSEN

Stockholm DAGENS NYHETER in Swedish 3 Feb 86 p 7

[Article by Anders Ohman]

[Text] "There is much in the army today that is good--yes, very good. But there are also shortcomings. They must not grow any worse."

So said General Erik Bengtsson, army commander in chief, during a discussion of the army's situation as the next defense decision draws nearer.

Erik Bengtsson said: "Actually, we have not remained at any planning level. There has been a steady winding down--a downgrade. Now the question is whether we will return to the proper level or continue like this, with increasing shortcomings."

He has registered a dissenting opinion concerning the lowest level included in OB-85 [1985 plan by the supreme commander of the Armed Forces], which gives the army 402 billion kronor [as published] during the years from 1987 to 1992 and 38.6 billion kronor for the years from 1992 to 1997. The PP (Program Plan Level) provides about 41.4 billion kronor for the years from 1987 to 1992 and an equal amount for the years from 1992 to 1997. The highest level specified by the politicians--the "plus level"--gives the army 42.4 billion kronor between 1987 and 1992 and the same amount between 1992 and 1997.

At the level called for by the OB, the army will get 45.1 billion kronor between 1987 and 1992 and 47.9 billion between 1992 and 1997.

The army commander says that if Parliament chooses the lowest level, there will be serious consequences for Skane.

In that case, the army will not be able to afford to train local defense units in Skane to the extent desirable. There will be only enough money to provide refresher training for such units in Upper Norrland. Their mission is to guarantee the mobility of the field unit and protect airbases, harbors, and other important centers.

Erik Bengtsson says: "In a few years they will be barely usable in the wartime organization. That is serious when we are talking about the danger of a surprise attack."

Tanks

At the lowest level, the army will not be able to afford new tanks.

The older Centurion and S tanks will be reconditioned to adapt them to the threat of the 1990's, which includes active armor. That type of armor can neutralize the impact of shaped-charge projectiles. New tanks or no new tanks--that will be a headache for the army commander in coming years.

Erik Bengtsson says: "If the demands placed on us mean we must be able to take back sectors of terrain--in Skane, for example--I cannot see any system in the foreseeable future that will be able to replace tanks."

Responsibility

He now considers the miltitary-political climate to be such that the lowest level is not likely to be considered appropriate. But it is hard to predict whether the politicians will always understand the problems. They will consider the matter, and it is not possible to say anything in advance about what the final result will be. We asked: "Is there a point, then, at which you as a military man will no longer be able to take responsibility?"

Erik Bengtsson said: "Such a point is difficult to define. My job is both to make it clear what the army needs and to make the most of what is placed at my disposal."

People, says the army, are our most important resource. Today's conscripts are very positive. That is vouched for everywhere, says the army commander. Modern leadership has created good relations between the conscripts and officers. The mission is to train good wartime units.

More Funds

But so far, there have not been enough funds. The units have been differentiated. The decision a few years ago to drop back to shorter training periods has led to a concentration on the main service. Training in NBC protection, night combat, and construction have been set aside. Any extension of the period of conscript service is not in the cards.

Training must become more effective within the same time frame as now. And that requires more funds.

Erik Bengtsson says: "If that is to be accomplished effectively, it will not be free.""

In the area of materiel, the army needs well-developed splinter protection in order to confront an attacker. The splinter bomb is a weapon that can do great damage to unprotected units. Protective vests and armored combat vehicles are needed. Military experience in the Middle East has shown that splinter protection reduces losses considerably.

Interceptor Aircraft

The army commander also wants to strengthen air defense. An effective interceptor force will continue to be needed in the future. Development of the RBS-70 antiaircraft missile for use in the dark is needed, as are more antitank helicopters. As examples of effective Swedish weapons, he mentions the Bill antitank missile and the AT-4 light antitank grenade launcher. The United States has bought several hundred thousand of those launchers.

In 1982, Sweden's defense spending totaled 3.3 percent of its GNP (according to SIPRI [Stockholm International Peace Research Institute]). According to some observers, defense spending now--in 1985-1986--is just under 3 percent of GNP. In 1982, by way of comparison, the corresponding figure was 6.5 percent in the United States, between 10 and 20 percent in the Soviet Union, 5.2 percent in Yugoslavia, from 3.6 to 4.0 percent in Poland, and so on. How big a share of Sweden's GNP should be going to defense now in order to maintain effectiveness?

Erik Bengtsson says: "I don't want to state an opinion on that point. I prefer to point out specific areas where steps must be taken. I don't know what it all adds up to as a percentage of GNP."

Sabotage

The Army Staff says that based on this year's proposed budget in Sweden, the OB level in the prospective plan works out to about a 3-percent increase in defense spending. The corresponding figure in Norway and Finland is over 3 percent.

The army commander also drifted on to the subject of the role of "diversionary units" in the present-day threat situation. Those forces are specially trained in sabotage and infiltration. The purpose is to engage in sabotage immediately before war breaks out.

The army is also going to organize antisabotage units. The Home Guard will be important in that organization, since it is familiar with its home district and observant of changes.

Erik Bengtsson says: "Our society is vulnerable in that respect. We Swedes are also terribly trusting in our democratic society. We do not believe that such things can happen to us."

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WAR COLLEGE COLONEL: USSR LIKELY TO ATTACK SWEDEN IN CONFLICT

Stockholm DAGENS NYHETER in Swedish 5 Feb 86 p 5

[Op Ed article by Colonel Bo Hugemark, head of the Department of Military History at the War College; first paragraph DAGENS NYHETER introduction]

[Text] There is no reason to be shocked at submarines, picture salesmen, or East European trucking firms in Sweden. It is completely natural and obvious that preparations for war should be underway. It would be a breach of duty on the part of the Soviet General Staff not to be pursuing such activity. So writes Colonel Bo Hugemark, head of the Department of Military History at the War College.

Hans von Hofsten's articles (DAGENS NYHETER's debate page, 20 and 21 January) made a lot of noise and livened up the defense debate. They were very beneficial. For the first time, somone has effectively concretized the Submarine Commission's conclusion that the intrusions are a stage in operational preparations for war.

Some people, alarmed by that picture, have started talking about joining NATO. Others are expressing doubt and wondering whether our officers believe that the Russians are coming tomorrow.

No, officers in general do not believe that. They do not have the idea that the Soviet leadership has started the countdown for an attack on Sweden.

"War preparations" means that preparations are being made for being able to fight a war. All nations, including our own, engage in such activity. And the Soviet Union, whose operational doctrine says that the country is to be defended by an offensive in the opponent's territory, must of course make its war preparations in that territory.

There is no reason to be shocked at submarines, picture salesmen, or East European trucking firms in Sweden. It is completely natural and obvious that preparations for war should be underway. It would be a breach of duty on the part of the Soviet General Staff not to be pursuing such activity. (Which is not to say that we should allow it to proceed unchecked.)

Can we therefore sleep soundly at night, like Nils Gylden (DAGENS NYHETER's debate page, 28 January)? The answer depends on whether we can answer yes to the following strategic questions:

1. Do we still have a reasonable chance of staying out of a major war between East and West?

2. Is there still little risk that we will be attacked separately?

Here are my own answers:

1. In a major war, the Soviet Union will have a strong need to be able to use Swedish territory. The reason is that it will want to cover itself against various turns of events in such a war, among them the possibility of a protracted war, in which sea routes between the United States and Europe will be of crucial importance. It will be urgent for it to do so at an early stage, before NATO has time to implement countermeasures.

The Soviet Union's general strategy would probably be to get its offensive operations off to a running start wherever resources permit it and the cost of doing so is reasonable.

In Sweden's case, that cost has two components: Sweden's defensive power and NATO's countermeasures (which, of course, will be facilitated if the Soviet Union deprives itself of its neutral "shield" by attacking Sweden).

Sweden's relative defensive power has unquestionably declined over the past 10 years. Let us take two examples:

First, the ratio of our interceptor force to the Soviet air strike force located within striking distance of Swedish territory has changed from 200:100 to 150:1,000.

Second, the number of Swedish offensive brigades that it has been possible to keep fairly up to date has dropped from 30 to 20. I say "fairly" because the increased threat from the air (see above) and new types of aircraft ammunition have turned the lack of splinterproof vehicles into a serious defect. At the same time, the Soviet Union's landing capability has increased, partly because modern civilian RO/RO tonnage can be used.

Roughly, one can say that our strength in relation to a conceivable aggressor has been cut in half.

The relative weight of our own defenses in the "cost balance" has therefore decreased. This does not mean that we will be drawn into a war as a matter of course. On the other hand, it can certainly be said that our neutrality is more dependent on mutual deterrence by the big powers. Is that what we want? Might it not tempt them into a race to control our territory?

2. Our official stand is that an isolated attack is unlikely. The real reason for that dogma is that it is difficult to reconcile the risk of isolated

attack with the combination consisting of a continuing neutrality policy and a continued weakening of our defenses. That is not openly stated. Instead, the dogma in question is constantly defended on the grounds of two poor arguments, both of which are used by Gylden.

The first consists of giving the concept of isolated attack such an extreme definition that it collapses by itself:

"An armed conflict in the north is therefore scarcely conceivable as long as relations between NATO and the Warsaw Pact are otherwise calm and stable."

That certainly sounds plausible. But that is not really the point. The thing that makes an attack isolated--from the standpoint of the one attacked--is that he must fight alone, with no prospect of effective help, against a big power that can devote large resources to bringing about a speedy conclusion. It is not difficult to find historical examples of attacks which, by that definition, were isolated, even though they occurred during periods of very great tension and even major wars.

It is not especially difficult to imagine conditions in a future situation of heightened tension where the Soviet Union might consider it possible to attack Sweden without NATO's being willing, able, or bold enough to start a major war--or having time to intervene before our defeat is an accomplished fact.

The second argument consists of showing specifically that an isolated attack would be unprofitable for the Soviet Union because the "return"--the value of Swedish territory--is small in comparison with the "cost"--an arms buildup by NATO and so on.

That is a common ruse in debate. It consists of demanding that one's opponent in the debate show that his "attack scenario" is completely rational and reasonable while not at the same time subjecting one's own views to the same scrutiny. How rational are our more traditional attack scenarios? There is certainly much more to gain by an attack in Central Europe, but there is also more to lose. For example, the risk of nuclear war is surely greater there (unless Nils Gylden considers that we are already under NATO's nuclear protection). What kind of fantastic analysis model is Nils Gylden using, that he can so deftly label an isolated attack "unprofitable" and a major war in Europe "profitable"--and say that this is so from the standpoint of the big powers as well? Actually, there is no such thing as a wholly rational war. We can try to judge whether there are situations in which the temptation to use violence increases.

If, instead of starting with conclusions consistent with official dogma, we compare various cases correctly, we may very well find that in many situations, an isolated attack is the least improbable possibility.

Anyone who finds it difficult to imagine such situations may find it useful to ponder historical experience. The invasion on 9 April [1940, of Denmark and Norway] was not an isolated attack by Gylden's definition. According to my definition, it was definitely an isolated one as far as Denmark was concerned.

For Norway, it was unquestionably a quickly lost war. In the view of all observers, it was definitely a surprising turn of events--politically, strategically, and operationally.

How far in advance could one have judged that it was a probable event? Not during a prospective planning period (1925). Not during a program planning period (1935). Not during the time it takes to come up with a hasty operational war plan (1939). And not during the time it takes to mobilize (4 April). The answer is: 1 day before the German troops landed.

That is not to say that we ought to sleep restlessly and have nightmares about being occupied the next morning. On the other hand, we must devote more of our waking hours to correcting the shortcomings in our defense so as to plainly indicate our will and ability to defend ourselves.

Much has been said and written about the political "signals" of recent times. I will refrain from taking up that inflammable subject here. On the other hand, I want to touch upon another signal, namely, our defense efforts. We talk about the Nordic area's increased strategic importance. At the same time, we are permitting a continuing weakening of our defenses. Sometimes it is also said bluntly that it is reasonable for the Armed Forces to do their share in the general belt tightening. What conclusions will be drawn from that by a big power that has never allowed butter to take precedence over guns?

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DEFENSE MINISTER SUPPORTS OFFICERS' RIGHT TO CRITICIZE

Stockholm SVENSKA DAGBLADET in Swedish 5 Feb 86 p 7

[Article by Erik Liden]

[Text] Storlien--"It is a good thing for officers at various levels to state their views on conditions in the Armed Forces. As an old union man, I would be the last one to try to throttle or limit freedom of expression."

So said Roine Carlsson during an impromptu press conference at the defense conference in Storlien on Sunday.

"Freedom of expression is essential and must be protected. I almost feel that it is reporters themselves who want to limit it, and I can't understand that. Officers have every right to criticize the Armed Forces. Rather than a breach of loyalty, it is proof of the desire to improve the capability of the Armed Forces.

"I sympathize especially with the naval officers, who have been chasing foreign submarines for 5 years with no tangible results. Their irritation is natural--just as natural as when other occupational groups fail in their assigned occupational duties."

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MILITARY EXCHANGES WITH USSR HALTED DUE TO SUB VIOLATIONS

Stockholm SVENSKA DAGBLADET in Swedish 5 Feb 86 p 7

[Article by Erik Liden]

[Text] Storlien--Military exchanges with the Soviet Union during 1986 are not appropriate. The reasons are the submarine intrusions in 1981 and 1982 and continuing uncertainty as to who is engaged in submarine activity in Swedish waters at present.

That was confirmed by Vice Admiral Bror Stefenson, chief of the Defense Staff, at the People and Defense conference in Storlien.

After U-137 went aground in the Blekinge Archipelago in October 1981, OB [Supreme Commander of the Armed Forces] Lennart Ljung strongly objected to all proposed military contacts with the Soviet Union, especially those in the form of educational exchanges, tours, and so on.

"For the time being, there is no reason to resume those exchanges," says Bror Stefenson. "The feelings that followed the serious incidents in 1981 and 1982 are continuing to affect us. Besides, some nation is continuing to violate our territory. If the violations had ceased entirely, we would have found it easier to go to Moscow."

It is known that the Military Council also takes a serious view of the various Soviet violations of airspace that have occurred over Gotland, even though the Soviet Union admitted to one such air violation for the first time last year.

"We can therefore postpone our visits," says Bror Stefenson.

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CALL FOR PRIVATIZATION OF PUBLIC SECTOR ATTACKED

Stockholm SVENSKA DAGBLADET in Swedish 5 Feb 86 p 7

[Article by Erik Liden]

[Text] Storlien--A political spat between Minister of Defense Roine Carlsson and Olof Ljunggren, director of the SAF [Swedish Employers' Confederation], over privatization of the public sector marked the beginning of this year's defense conference under the auspices of People and Defense.

In his introductory speech as chairman of People and Defense, Olof Ljunggren touched on this year's wage negotiations, now underway, emphasizing the need to continue the fight against inflation and to make the public sector more efficient and expose it to more competition.

Olof Ljunggren said: "Every individual in Sweden would benefit if the public sector were faced with that wholesome competition."

When Roine Carlsson stepped up to the rostrum in Storlien, he immediately took the opposing position by saying:

"As a former union chairman, I itch right down to the marrow when I hear Ljunggren talk about the public sector. There is reason to recall that the worker movement took a stand on the issue of privatization and that our position was supported most recently in the general election that was held in September 1985."

In his first major security policy speech as minister of defense, Roine Carlsson touched on the Nordic region's importance and the Soviet military buildup on the Kola Peninsula. He emphasized the great importance to Sweden of the neutrality policy based on a strong defense.

Criticism of Demands Concerning EC

He criticized the Conservative Party's bill in this year's Parliament, in which demands for full membership in the Common Market--the EC--are again being brought up.

"One must ask oneself whether Ulf Adelsohn, Carl Bildt, and the other Conservatives have really thought through the consequences of their proposal. At first glance, it appears to be a 'work accident' more than anything. Our freedom from alliances makes membership in the EC impossible."

Roine Carlsson emphasized that violations of Swedish territory can never be accepted. They are to be combated by every available means.

"No nation need be unaware that there is complete agreement both in the political leadership and in the military that we are firmly resolved to preserve our territorial integrity. For example, the Armed Forces can use force of arms without prior warning in Swedish inland waters. Our determination cannot be expressed more clearly than that.

"We have taken advantage of every opportunity to call the Soviet Union's attention to the fact that Sweden's territorial integrity is sacred and that we are building up our ability to defend it. We will continue to visit other states, including the Soviet Union, to state our views on these matters."

Roine Carlsson expressed great concern over the large number of resignations from the military, inadequate basic and refresher training for conscripts, and a lack of motivation among conscripts. The defense industry's ability to strengthen Swedish security policy was emphasized. Advanced missiles and electronic components must be assigned priority, possibly in cooperation with foreign countries, said Roine Carlsson.

Emergency preparedness measures, to which attention was drawn by the recent big power failure, were also touched on by Roine Carlsson.

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MILITARY SWEDEN

HOME GUARD COMMANDER: ALLOW WOMEN TO PARTICIPATE IN COMBAT

Stockholm SVENSKA DAGBLADET in Swedish 7 Feb 86 p 7

[Article: 'Women Should Also Fight']

[Text] Women should be given combat duties in the home guard on Gotland. This is the content of a proposal that the national chief of the home guard, Gen Robert Lugn, will soon send to the government.

The reason for this is that there are not enough men to defend Gotland. There are now 400 unfilled positions in the home guard on the island. According to the proposal, women on Gotland will be equal to the men in every respect and will defend their island home with gun in hand. This would require a special governmental resolution, however.

The measure will require no additional costs apart from certain expenses for training the women who, after all, have not performed military service, according to national home guard chief Robert Lugn.

The proposal, which has now been referred to interested organizations for their consideration, has been criticized by some, particularly the Women's Service Corps.

The Women's Service Corps has also had difficulty recruiting members and fears that it may become even more difficult if women could obtain combat assignments in the home guard on Gotland.

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MILITARY SWEDEN

AIR FORCE ORDERS NEW COMBAT CONTROL CENTERS

Stockholm SVENSKA DAGBLADET in Swedish 11 Feb 86 p III

[Article by Erik Liden: "Air Force to Place Big Order for Electronic Equipment"]

[Text] The Air Force will spend about a billion kronor on modernizing and upgrading its combat control centers at the beginning of 1987.

The Defense Materiel Command, FMV, is consulting Swedish electronics firms in order to establish a basis for future bids.

The combat control system used today in the mountain defense installations is called Stril-60. The Air Force now has four big air defense facilities in caves that are as big as four-story buildings and are packed with computers and electronic equipment.

The very rapid technical development in the area of computers and electronics has long accentuated the need for modern combat control centers. There are two feasible choices: either computers and electronic equipment can be rebuilt and upgraded in the existing facilities or else entirely new installations can be considered. Rebuilding and modernizing the equipment would be cheaper because it costs a lot of money to blast out caves in bedrock.

The industries that will be strong contenders for contracts are Ericsson in Kista and Molndal and Philips Electronics in Jarfalla. Both firms already supply the military with large amounts of technically complex equipment.

For reasons of secrecy the defense system wants to keep as much of the production of the combat control centers as possible in the hands of Swedish manufacturers. These centers play a decisive role in detecting and combating hostile planes that are moving in against Sweden.

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MILITARY SWEDEN

NAVY CHIEF URGED TO SOFTEN DEMANDS FOR ANTISUBMARINE FUNDS

Stockholm DAGENS NYHETER in Swedish 16 Feb 86 p 2

[Editorial: "Navy Chief Speaks Out"]

[Text] It is obvious that the chief of the Swedish Navy is very displeased with the politicians on the Defense Committee. He is the man in charge during a delicate reconstruction period for Swedish submarine defense, a function that virtually dropped out of sight for several years. He is the ranking military officer most subject to pressure from personnel who are disillusioned, annoyed and perhaps in some cases worn-out.

What Vice Admiral Bengt Schuback said to the Royal Society of Naval Science recently is in line with the arguments made by protesting naval officers. Apparently these views did not make enough of an impression on the political parties to cause them to make fundamental changes in their priorities.

The admiral's demand for quick approval of additional custom-made antisubmarine units, each including around 20 vessels, airplanes and helicopters, has such a high price tag that it would call for substantial changes within the framework of politically realistic funding levels. That is a simple fact. The same thing applies to the naval leader's argument with regard to the need for "about 20 advanced escort vessels" to protect our ocean transports.

With respect to this point it is interesting to note reports that the Navy, the National Administration of Shipping and Navigation and other authorities have recently demonstrated the need for escort craft and requested around eight escort units to be spread along the coast. Surely this is not something they have just discovered. It is in the public interest to have such studies publicized, especially the latest study from the Supreme Commander of the Armed Forces [OB] which shows, according to the admiral, that surface attack craft--missile boats--cannot be reduced without "unrealistic consequences for peace, neutrality and the initial phases of a surprise attack."

Schuback has spoken out primarily in response to the Defense Committee's new directive to OB asking for a further study of the need for surface attack craft without requiring any decision under the 1987 Defense Act. The chief of the Navy pointed out that this will lead to a loss of tempo with respect to the creation of the second antisubmarine force, a project that will take about 8 years to carry out from start to finish!

According to the admiral this is not in line with the beautiful phrases about asserting Sweden's territorial integrity "with all the means at our disposal." And even less with the Defense Committee's statement that "the aim is to increase the risk to intruding units to the point where they will consider it impossible to carry out the type of unified submarine operation described by the Submarine Defense Commission without suffering serious consequences."

Those are big words. In the name of honesty they should be modified. No party is willing to balance defense spending in such a way that the chief of the Navy will get what he as a professional man considers necessary. Pretending that there is greater impetus in the area of submarine defense will not fool anyone.

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MILITARY SWEDEN

ARMED FORCES TESTING PROTECTIVE MANTLE AGAINST NERVE GAS

Stockholm DAGENS NYHETER in Swedish 16 Feb 86 p 15

[Article by Sture Ryman, DAGENS NYHETER's Norrkoping correspondent]

[Text] The risk that chemical weapons will be used in a future war has increased and for this reason the defense system is now testing new types of gas masks, chemical combat outfits made of plastic.

Within a year or so every soldier will be equipped with the new chemical warfare outfit. The requirements for this outfit, which will be adopted in the near future, are that a soldier with full combat gear must be able to put it on within 10 seconds and it must hold up under a half-mile march over rough terrain.

The dominant chemical or C-warfare agent is nerve gas, which is easy to spread and primarily affects people and plants. Nerve gas is spread in the form of a fine mist consisting of tiny droplets that are suspended in the air and attack both respiratory passages and skin surfaces. Those affected feel ill, suffer from cramps, have breathing problems and experience muscular paralysis.

Buildings Not Damaged

In spite of the fact that most countries have approved the Geneva convention banning the use of chemical weapons, broad groups of people fear that the ban will not be honored if there is a war. The Civil Defense publication "Info '84" said among other things that "the global consequences of an unlimited chemical war would be much smaller than those of all-out nuclear war or a war using biological weapons. This increases the risk that chemical weapons will be used."

"Yes, the world would still be there after a chemical war. Houses and installations would be undamaged, only people, animals and plants would die," said Gert Jonsson, chemist and head of development at Teno in Norrkoping where they are producing prototypes of combat outfits to protect soldiers against chemical attacks.

"I understand these fears. Nothing is easier than manufacturing chemical weapons and they are cheap. Any nation capable of manufacturing herbicides or insecticides can produce any dangerous chemical agent with the help of a single chemist.

"We have not yet decided what the protective outfit will look like," said Captain Lars Graner of FMV where they are now testing different outfits. "Three companies--Teno, Trioplast and Reftele--have made different prototypes and we are now testing them for durability, among other things.

"The plastic mantle is meant to function as a lifesaver for soldiers who find themselves in a polluted area and must get out while their outfits stay in one piece.

"Therefore the outfits must be easy to carry, easy to put on and disposable, because they must be burned after an attack," Graner said.

Billy Edquist is one of the technicians at Teno who helped develop the protective anti-chemical mantle. It should not take a soldier equipped with full combat gear more than 10 seconds to put the protective outfit on.

"Chemical combat outfits are part of our field uniform system. We intend to replace the old field uniforms and in addition to the chemical protection outfits soldiers will be equipped with vests that will protect them from shell fragments.

Field Uniform

"The new field uniform is much lighter than the present model and consists of 28 parts but in spite of this soldiers will be better outfitted from top to toe against various types of weather.

"We train close to 40,000 draftees each year and we spend 150 million kronor a year on renewing and filling our stockpiles, so this will not mean any extra cost to the defense system. We will simply replace old uniforms with new ones at a rate corresponding to this annual renewal."

6578
CSO: 3650/140

MILITARY SWEDEN

BRIEFS

ORDER AIDS MILITARY AVIATION INDUSTRY--The Volvo Aircraft Engine Company in Trollhattan has received an order for aircraft engines from the United States. The order is worth about 350 million kronor and will provide jobs for 50 men for 4 years. It covers engines for 80 aircraft of the McDonnell-Douglas MD88 type, and the purchaser is Delta Airlines in the United States. This order is especially valuable to the aircraft engine company because production for the Viggen will gradually come to an end over the next few years. [Text] [Stockholm DAGENS NYHETER in Swedish 31 Jan 86 p 11] 11798

OFFICERS THINK CREDIBILITY DECLINING--Thirty-two out of forty-four regimental and wing commanders feel that the credibility of our ability to uphold our security policy has started to falter. This was shown by telephone interviews conducted by Television News in the country's regiments and air wings. Nine of the officers polled declined to express an opinion on the subject, and three felt that our credibility has not begun to falter. Commenting on the poll, OB [Supreme Commander of the Armed Forces] Lennart Ljung said: "One can understand why confidence is being eroded, considering that we do not have the resources with which to do our job. But loyalty and ambition are at a high level in the officer corps." [Text] [Stockholm SVENSKA DAGBLADET in Swedish 5 Feb 86 p 7] 11798

CSO: 3650/136

RECORD LARGE TRADE DEFICIT INCREASES FOREIGN DEBT

Copenhagen AKTUELT in Danish 14 Feb 86 p 7

[Text] Copenhagen--The balance of payments deficit amounted to 28 billion kroner in 1985.

That is more than 10 billion kroner higher than the figure for the previous year. The record deficit brings Denmark's total foreign debt up to 243 billion kroner.

In 1983, the first whole year that the government was in office, the debt figure was 185 billion kroner.

Denmark Owes a Year's Wages

The 1985 deficit means that Denmark owes almost an entire year's wages. If we calculate the per capita debt, each one of us owes close to 50,000 kroner.

The government has long held that if interest on foreign debt is subtracted from the balance of payments deficit the result is actually a surplus. The official figures from the Danish Bureau of Statistics now show that foreign interest payments in 1985 added up to 26.9 billion kroner. In other words there is a regular deficit of at least 1.1 billion kroner.

That is more than twice as much as the government estimated at the beginning of the year. As 1985 progressed the figures were gradually revised upward. A short time before the municipal elections on 19 November Prime Minister Poul Schluter estimated that the deficit would be 20 billion kroner at the most.

The deficit of 28 billion resulted from total income of 226.8 billion compared to total expenditures of 290.7 billion kroner.

Negative Reaction

The stock market reacted negatively to the announcement. Stock prices fell an average of half a point.

"It is fair to say that it is primarily developments in the United States that are keeping Danish stock prices up. If it had not been for this situation, stock prices would have declined sharply," stock broker Ole Abildgaard said.

6578
CSO: 3613/75

BANGEMANN URGES ACCEPTANCE OF BILLION-MARK USSR CONTRACT

Hamburg DER SPIEGEL in German 30 Dec 85 pp 15-17

[Unattributed article: "Trade with the East: No Interest in Publicity"]

> [Text] Moscow is holding out the biggest contract that has ever been worked out with a federal guarantee to a German company: Uhde Gmbh in Dortmund is to supply a plastics factory for DM 10.1 billion. Negotiations are under way on additional billion-mark projects. Objections from the United States could still endanger the transaction.

For years the procedures has followed the same rules: Whenever German companies apply for federal guarantees for transactions with the Soviet Union whose value exceeds DM 200 million, officials from the offices of Economics, Finance and Economic Aid, as well as those from Foreign Affairs, request their head's approval and inform the leaders in the chancellor's office. Since the Soviet Union has made its payments reliably, the remainder is routine.

What came up before the "Interministry Committee for Export Sureties and Guarantees" seemed to them to merit special treatment. Its members deliberated whether the entire cabinet in Bonn should not make the decision in this case because of the scope of the transaction.

But then the officials decided in favor of the discreet way of doing business. The representative of the Office of Foreign Affairs reminded them that the procedure would receive increased publicity and "we have particular interest in seeing that happen." Otherwise, the officials warned, the US media and politicians would pick up the subject--with possibly unpleasant consequences.

This delicate treatment is being accorded the largest single transaction for which an application for a federal guarantee has ever been made. Uhde GmbH of Dortmund is to build a turnkey polyester plant in the European part of the Soviet Union for DM 10.1 billion, not counting financing costs. Until now first place was held by the newly constructed airport at Jedda (Sauda Arabia), with a surety of DM 9.9 million.

The mammoth contract from the Soviet Union, on which the Hoechst subsidiary is bidding against competition from England (Davy McKee) and Japan (Kobe Steel), is so important to the government in Bonn that the Minister for Economics is taking a personal interest in the matter. Martin Bangemann asked for assistance in a letter to two Soviet deputy prime ministers. On 8 November he wrote to Jakov Ryabov and Alexei Antonov that the government would do "everything in its power" to promote the billion-mark project.

If it comes about, not only would thousands of jobs in the FRG be ensured for several years, the political effects of the project would be even greater. Since Chancellor Helmut Kohl prematurely announced German participation in the US SDI space weapons program, the Soviets have been treating their negotiating and trade partners in Bonn very disdainfully. Mikhail Gorbachev, the new leader in Moscow since March 1985, has already visited London and Paris; in the spring he will travel to Italy--Bonn is being excluded.

A visit from the new Minister of Foreign Affairs in Moscow Eduard Shevardnadse is overdue; no date has been set. The German Embassy in Moscow reports that the representatives from Bonn, including the officials, were being "shoved into a corner."

Consequently, the diplomats around Minister for Foreign Affairs Hans-Dietrich Genscher are noting with even greater attentiveness how transactions with the Soviet Union are developing--they have been progressing very well recently.

--Mannesmann and Thyssen have applied for a guarantee for the delivery of 800,000 tons of large-diameter pipes for the Jamburg-Jamal natural gas project. The value of the contract: DM 800,00 million.

--The Sundwig iron and steel works is planned to build a factory for semi-finished metal products in Sverdlovsk for DM 243 million.

--In recent months Krupp Industrietechnik GmbH in Duisburg has been negotiating for the construction of a turnkey foundry in Orel. A guarantee of more than DM 3.8 billion has already been assured. The Duisburg company will submit its bid on 3 March.

In spite of the coolness in political dealings, economic relations are proceeding so well that the Soviet Union now occupies first place on the surety list for Hermes Insurance--with over DM 19 billion in firm obligations and DM 13 billion promised.

If Uhde's mammoth project comes to pass, the Bonn government will have to change a rule that it established itself: No more than 10 percent of the amount available for guarantees in total foreign trade, according to a minsterial decree of 1982, is supposed to be promised to the Soviet Union. With the Uhde factory alone Moscow's liability would reach DM 30 billion--about 15 percent of framework of sureties (currently set at DM 195 billion).

The higher risk was justifiable, the guarantee experts told their office heads: the Soviet Union was a reliable and powerful partner, its foreign debt was limited, currency reserves and raw materials were keeping the country solvent.

They also said that this particular export was in the special interests of the German economy: The construction of large plants, a German specialty, was not greatly in demand on the international marketl The Soviet Union was the only country that was still awarding contracts in the billions, since the oil states could no longer afford them.

But the secret swing to the East can arouse irritation in the West. The fear in Bonn is that DM 10 billion transactions can arouse the protests of the hard-liners in the US administration who have repeatedly reproached the European allies with their supposedly too friendly trade policy with the Soviets. These hawks can point to the fact that top-quality technical knowhow is being exported to the East with large plants of this caliber.

Problems of this nature do exist in the case of Uhde; the polyester combine will, according to ministry experts, "contain components" which "are subject to approval in accordance with Section C of the export list" as technical products with strategic importance. Bonn must be careful, internal government documents state, that this does not arouse "irritation in relations with the United States and other competing Western countries."

In the wake of the Geneva summit, the United States has given the impression that they would like to intensify their trade with the erstwhile "empire of evil" (US President Ronald Reagan). Recently a large US trade delegation traveled to Moscow.

But in Bonn the harsh tones from Washington have not completely died away. Government members still recall today the visit by former Secretary of State in the US State Department James Buckley, who suggested in May 1982 using trade as a weapon against the Soviet opponents.

The United States itself is continuing to apply its trade restrictions: The Defense Department wants to impose an imbargo on products on a 700-page long list of militarily critical technology ("military critical technology list") --by means of a new version of Cocom rules which establish export restrictions for trade with the East for 15 Western countries. Genscher's response: "It has reached a point where we have to talk with the Americans."

The imminent expansion of trade with the East is being greeted with particular pleasure in Genscher's Office for Foreign Affairs. The head of the Office, who has been campaigning for months for a "second phase" in policy with the East, had always spoken out against a national SDI agreement, in contrast to his fellow party member Bangemann from the economics office. Now he sees his opposition confirmed. According to a Genscher intimate, the idea that German industry needs a comprehensive agreement in order to be involved in the US SDI project was "tantamount to ludicrous." Trade with the Soviet Union can take place without any protection on the flanks.

In addition: billions are involved in these transactions with the East, the largest SDI contract from the United States signed so far amounts to $900,000.

9581
CSO: 3620/229

SMALL-BUSINESS BENEFITS FROM NEW SOVIET 5-YEAR PLAN PREDICTED

Munich INDUSTRIEMAGAZIN in German No 1, Jan 86 pp 36-38

[Interview with Otto Wolff von Amerongen, chairman of the East Committee of the Germany Industry, by INDUSTRIEMAGAZIN reporter, date and place not given: "I See Good Opportunities"; first paragraph is INDUSTRIEMAGAZIN introduction]

[Text] Does the transition of power in the Kremlin have a positive effect on German trade with the Bloc? Does German SDI participation affect the exchange of goods with Moscow?

INDUSTRIEMAGAZIN: Mr. Wolff, Soviet Party Chief Mikhail Gorbachev wants to modernize his industry and introduce new technologies at a stepped-up pace. Is that already reflected in German order books? Is the East trade at the threshold of a new boom?

Wolff: There has always been much more talk about the East trade than is warranted by its real importance in the total foreign trade of this country. For, including China but without the GDR, it has oscillated around 5 percent since the end of the 50's. Only once, in 1976 or 1977, it rose to 7.1 percent. If we add the trade with the GDR, then we can increase this figure by another 2 percent. The East trade has always had something romantic about it. There is not yet any effect from Gorbachev's new economic line. The new 5-year plan will not be published until February.

INDUSTRIEMAGAZIN: Do you have concrete indications concerning the priority sectors of the new plan from 1986 to 1990?

Wolff: When I was in Moscow in September, I arranged with the Soviets that they would send an information team to the FRG to explain to the interested parties in the FRG what the 5-year plan signifies. Undoubtedly it will look different than the preceding plans. Gorbachev wants to distribute the resources differently. In the past, it was expansion that was more involved, thus the development of new capacities. In this process the Russians apparently had greatly neglected reinvestment. That is supposed to change by modernization of existing installations.

INDUSTRIEMAGAZIN: Declarations of intention of this nature had also existed even before Gorbachev.

Wolff: About 15 years ago we were with a delegation to see Kossygin. Even then modernization and rationalization of light industry was at stake--in other words, textiles, shoes and so on. The bosses of Salamander, Freudenberg and many others negotiated about orders not only for machines but also for systems and for planning methods. After a year everything had petered out like a river in the desert. What Gorbachev now favors is nothing new to the Soviets.

INDUSTRIEMAGAZIN: Are there indications of concrete projects which could be of interest to German enterprises?

Wolff: No, I do not have the slightest notion of that and apparently not even the outlines have transpired over there. When I was there for 2 days in September, I gained the following impression: In the past the Soviets set aside two-thirds for new investments and one third for reinvestment. This ratio is now to amount to probably 50 : 50 or even a little more for reinvestments.

INDUSTRIEMAGAZIN: Would that be favorable for the Germans doing business in the East? In the past they earned most money with installations and big projects.

Wolff: When I view the structure of German industry I have the feeling that we would have better opportunities as a result. For everybody is chasing after big projects: the British, the French, the Italians and so forth. Our small, medium, and large enterprises after the war have learned how to develop and modernize. Also as regards flexibility, we are superior to the Americans, the French and others. If the Soviets emphasize modernization, I foresee bigger opportunities for us than in the past.

INDUSTRIEMAGAZIN : Unless Moscow orders from other countries for political reasons.

Wolff: Despite all prophesies of doom, politics has had virtually no effect on trade. Not even after stationing of Pershing II and cruise missiles. In 1984 we anyhow had a plus of 10 percent in East trade, in other words with the CEMA countries. Of that, German imports, with 18.4 percent, increased more than all exports, with 2.4 percent, but there was no reduction. From January to August 1985, we had an increase in volume of 5.4 percent. Our exports rose 7.1 percent, imports 3.5 percent. The trend has changed in our favor.

INDUSTRIEMAGAZIN: The FRG had a trade deficit with the CEMA states for several years.

Wolff: Well, I want to tell you how that happens. The Soviet Union profited a great deal from its energy exports, especially from the natural gas deal. Therefore it lost money especially in 1984. In 1985, it looks quite different. In the meantime the other CEMA countries once again import more after they had applied the brakes for 2 years on account of their foreign debts--especially the Czechs. Owing to an improved balance of payments, they are again buying more from us, whereby I exclude the Romanians. But the Bulgarians are clearly ordering more, the Hungarians obviously, the Czechs now, too, and even the Poles are coming back despite their special problems.

INDUSTRIEMAGAZIN: Nonetheless the share of the Bloc business stagnates at 5 percent of the total German foreign trade. Why isn't it possible to jump over this limit?

Wolff: You must not forget all the things that have happened since the end of the 50's. With the Rome EEC treaties the European market received a tremendous attraction. That went at the expense of all other markets. Everything declined except for the East trade. That shows how strong it is. Despite all political crises, it has proportionately kept pace with our foreign trade increases. That is to say, the steadiest and most stable relationship between us and the so-called socialist states is the trade. It was always used as a bridge even though there may have been a fight somewhere.

INDUSTRIEMAGAZIN: Is the China business going to cause an increase in the entire East trade?

Wolff: In the China business we can expect considerable increases. But as an "old China hand" I may say: More fuss is made about it than it is worth.

INDUSTRIEMAGAZIN: Obviously the competition has also become fiercer on the East markets. French, British and Italians several times have snatched away large orders from the Germans this year. The experienced exporters of Mannesmann-Demag, e.g., lost a billion project of the Russians to Italimpianti.

Wolff: In September the then acting Deputy Foreign Trade Minister Komarov kidded me. He asked: "Since when is the German industry so alarmed that it immediately starts to moan when it once loses an order?" It will happen time and again that, e.g., the Italians will prevail. The other countries have by far bigger deficits in the foreign trade balance than we have. Therefore it is understandable that Bettino Craxi intervenes. Of course, that also plays a part. But it is certainly not true that we are omitted from East trade because we have a federal government that is especially pro-American. That would not be in the interest of the Soviets either because we are also the biggest consumer market for them.

INDUSTRIEMAGAZIN: The other European governments not only intervene, they also offer better financing terms.

Wolff: That also undoubtedly plays a role. The mixed financing, e.g., of the French, however is reflected rather in dealings with the francophone states of Africa than with the Soviet Union. But in spite of all OECD agreements, such things happen time and again. As ever we hold the view that we ought not lower the cost of our export credits by interest subsidies. We have enormously benefited from that in the discussion on the natural-gas--pipeline business transaction. There we were able to stand up to the Americans.

INDUSTRIEMAGAZIN: The Federal Government has recently promised in principle new export guarantees for deliveries to the Soviet Union. Are sizable sales impending?

Wolff: Two sizable projects, a polyester plant and a metallurgical plant, are now under discussion. But with the new 5-year plan, a new course is being set. And here we must focus our attention on new needs.

INDUSTRIEMAGAZIN: The Russians also want to build a new gas pipeline.

Wolff: I don't know whether that will be possible once again. For it must not be forgotten that we had to thank the socialist government of Norway for the previous deal with the Soviets. The then government chief did not want to sell her gas to us. The Dutch, too, were pursuing another natural gas policy than they do now. In the meantime more natural gas has been discovered than we perhaps like and new reserves in the North Sea are added constantly. According to the latest Exxon projections, shortage of natural gas will occur in 1995, not in 1990 as previously calculated. For this reason alone I do not envision a second gas pipeline.

INDUSTRIEMAGAZIN: In most East Bloc countries trends emerge towards more independence of the individual enterprises and combines to increase their efficiency. Is selling going to be easier as a result?

Wolff: Every country seeks its own road towards greater decentralization. There is the GDR model with the so-called combines. Then there is the Hungarian model and a Romanian one. The Hungarians traditionally are much closer to the central European market than, e.g., the Bulgarians. Therefore they rely more on the Western markets than Bulgaria, which is based more on intra-Bloc trade. The GDR not only has discovered the West trade, it also pursues it particularly consistently. We have some very nice figures for 1985.

INDUSTRIEMAGAZIN: How big are the growth rates?

Wolff: About 14 percent. But I agree with Mr Honecker that we should not oversell that. We want to retain our freedom of action.

INDUSTRIEMAGAZIN: For example, for East-West German cooperative efforts?

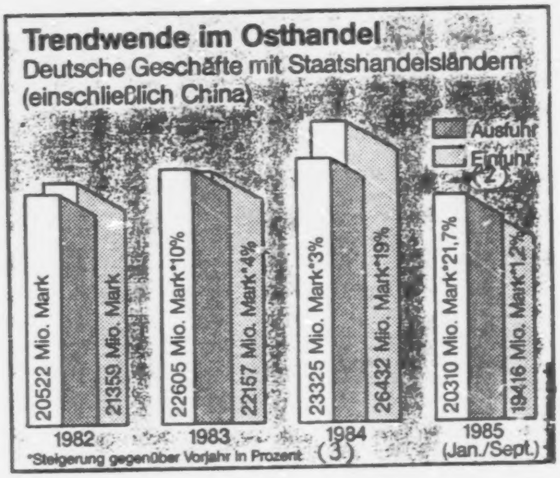
Wolff: When the Soviets recently touched upon the topic of occupational training, I told them: "Wonderful, that is a German-German strength. Occupational training in the GDR is among the best in its sphere, while ours is the best in Western Europe." Then I spoke with Antonov, the present chairman of the German-Soviet Economic Commission, for almost an hour about possibilities for cooperation in occupational training. I would be happy if we can do that together with the GDR. We are probably going to establish a joint commission for occupational training.

INDUSTRIEMAGAZIN: To come back to decentralization once again. If the combine managers are permitted to purchase independently, that could open up considerably better business opportunities for German suppliers.

Wolff: There is of course one barrier: foreign exchange. Especially the smaller Bloc countries are leery in this respect from past experience and accordingly have reduced their West trade. But fundamentally that is correct and has always

Change of Trend in East Trade

German Business Transactions With State Trade Countries (including China)



Key:

1. Exports
2. Imports
3. *Increase over previous year in %

been our stated aim. At least the technicians should be able to talk directly with one another. There should not be as long a waiting period as happened to us as Otto Wolff AG: Our experts did not get together with the technicians of the Gorky Autombilie Plant until after a complaint had been lodged. They had complained about the quality of deep-drawing sheet steel. Only for that reason were we able to bring our engineers together with their Russian colleagues on the spot. Prior to that the line of communication ran only via the foreign trade ministry.

INDUSTRIEMAGAZIN: One of the main annoyances in the East trade in past years did not originate from Moscow but from Washington. The long boycott lists within the COCOM framework increasingly hamper the export of computer-controlled plants and machines to the East.

Wolff: Everybody understands that we do not export any goods which directly benefit the defense system over there. I, too, make that clear to the Soviets. It becomes problematical in the case of the technologies which are classified under the term "dual use." There are disputes with parts of the U.S. Administration. While our position is on the liberal side and we say: only whatever can be clearly identified as military must not be delivered, the hardliners in Washington prefer to ban more rather than less. That is what is involved. The COCOM philosophy has always had two schools: the strategic and the military. The representatives of the strategic line would like to expand the export bans as much as possible. We urge that exclusively defense-relevant items are involved. In this whole story it should not be forgotten that we are not in any condition of economic warfare. The whole matter is likely to assume grotesque forms, in other words is getting out of hand in a West-West restriction.

INDUSTRIEMAGAZIN: Do German enterprises which participate in the U.S. SDI program have to be afraid to be kept on an even shorter leash or, the other way around, to be boycotted by the Russians?

Wolff: I don't understand enough about that. Enough amateurs have already expressed their opinions on this subject.

INDUSTRIEMAGAZIN: Nevertheless: Is the Bloc trade also going to survive the SDI participation?

Wolff: Atmospherics may occur, but life will go on, the needs continue to exist. We have skills, we are the biggest market, the Russians want something from us. We have many parallel wishes, e.g., better quality for their products on the German market. In my opinion, all that will always be stronger.

12356
CSO: 3620/570

BREMEN RECOVERY DUE TO INTRODUCTION OF NEW TECHNOLOGIES

Duesseldorf HANDELSBLATT in German 13 Jan 86 p 16

[Article by Hartmut Schmaedeke, director of the Bremen Society for Economic Development: "Locational Factor 'Presence of Intelligent Technology' Becoming Increasingly Important"; first paragraph is introduction]

[Text] 11-12 Jan 1986, HANDELSBLATT--It is quite common to think of Bremen as a synonym for crisis--shipbuilding crisis, steel crisis, fishing crisis and, in the end, state financial crisis. Many have yet to forget the spectacular end of the legendary Bremen "Weser" Shipyard AG in 1983. There is less awareness of Bremen's chances for coping with the structural transformation of its economy.

The closing of the shipyard is the subject of an academic study by the University of Bremen. The findings: approximately two-thirds of the workers employed by "Weser" AG when it closed have found new jobs. One fifth of the former employees are unemployed. It is informative to note that more than one-third of the workers have at no point since the closing was announced (in August 1983) registered with the unemployment office. One out of three has neither sought counsel nor looked into employment mediation, nor applied for unemployment benefits.

The study points out that the labor market is not a static quantity. Employees are continually being fired or are themselves resigning, registering as unemployed or finding new jobs. In competition for open positions, the former employees of "Weser" AG had very good chances. On the one hand, they were for the most part skilled workers semi-skilled assistants with good and very good qualifications, while on the other hand the employees had long and broad experience. In small and medium-sized companies in particular, there was a great deal of willingness to make us of the expertise and experience of former "Weser" AG employees.

Part of the workforce sought out new jobs on their own or took a step towards independence--even on the old company grounds. The Bremen Society for Economic Development contributed substantially to the reactivation of the unexploited industrial space.

--In less than 2 years, it has been possible to modernize the 250,000 square meters of space in Bremen with investments of DM 15 million and;

--To sell or rent all space to private companies, except for the former administrative building.

--Fact: On the former grounds of "Weser" AG, 250 new jobs have been created.

--Structural transformation and technology: The introduction of new technologies, product innovation and the rise in productivity are the prerequesites for the consolidation and the development of the competitiveness of companies and thus prerequisites for greater employment. The more effectively and quickly research findings and market demand stimulate one another, the more successful product innovation is. Only then is a development and expansion of the locational factor of the "presence of intelligent technology"--which is becoming increasingly important to the development of an economic region--possible.

The expansion of technical science academia in Bremen is gaining in importance. Symptomatic is also the fact that university and non-university research institutes will be making presentations at the Hanover "Research and Technology" trade fair for the first time in 1986.

Other encouraging developments include the development of marine and geosciences, the expansion of production and procedural technology, the concentration of finishing and adhesive technology at the university and not least of all the impending establishment of a chair for space technology, adding to the fact that the areas of production technology, electronics and information technology at the University of Bremen and the Bremen Technical College have enjoyed a good reputation for many years now. The desire remains that qualified graduates from Bremen can and will in the future assume greater responsibilities in Bremen instead of offering their knowledge predominantly to companies in the southern German conurbations.

The positive development of technical science academia in Bremen, especially at the university, would be given a tremendous push if a site unique to northwestern Germany could be activated. There is an area of approximately 500,000 square meters surrounding the university, with direct access to the autobahn system, in the vicinity of Bremen's most attractive residential areas, bordering on the famous Buergerpark and 10 minutes by car from the central city, which is available as an integrated technical and scientific economic site. The attractiveness of this site is having its effect almost without any assistance. The establishment of the Bremen Innovation and Technology Center (BIZT), which will in the next few days begin operations, is to this extent only the beginning of a mixed use area for science and business that must be planned carefully and spaciously.

It is historically demonstrable that science and industry in Bremen do not yet have the status that must be accorded them if the restructuring of the Bremen economy is to come about. Of course Bremen has the well-known high technology firms in the aerospace industries, ship electronics and automobile manufacture. But this advanced technology is concentrated in a few large companies, which are moreover dependent on conglomerates. Despite several outstanding examples, the range of technology-oriented medium-sized companies is still too narrow. The fear of contact between small industry and the University of Bremen is ultimately in keeping with the historic consciousness of Bremen with respect to science and industry.

Cooperation between the technical science academia at the University and quite a few large companies both in Bremen and elsewhere should encourage the small business economy of Bremen to follow the same or similar paths. Only a broad range of research and development intensive small businesses with the potential for development into large companies will have a lasting positive effect on the structure of Bremen industry and thus on Bremen's economy.

12271
CSO: 3620/227

BERLIN CONSTRUCTION INDUSTRY PREDICTS FURTHER LOSSES IN 1986

Duesseldorf HANDELSBLATT in German 29 Jan 86 p 17

[Article by eh: "Number of Workers Declines Further"]

> [Text] 1986 brings no prospect of an end to the crisis in the construction industry in Berlin. Real volume of construction will continue to drop, the number of those employed in the principal construction trade will decline further. The Fachgemeinschaft Bau e.V. [Professional Building Trades Association] gave this prognosis at its annual press conference.

As President Hohoff announced, 1985 was characterized by drastic collapse. Real volume of construction was estimated to have declined by 10 percent to about DM 2.7 billion, in the first 10 months orders received dropped by more than 10 percent and the number of building permits issued--measured by cubic meters of converted space--fell by as much as 30 percent. The number of hours worked dropped by 11.5 percent from January to October. The average number of workers employed during the first 10 months was only 31,928, compared with 33.625 during the same period of the previous year. The annual average number of unemployed in Berlin's primary construction trade was just under 5,700. This raised the unemployment rate to 17 percent, compared with 14 percent in 1984. By contrast, the annual average number of temporary workers dropped to about 2,300, against 2,800 in 1984.

For 1986, the Fachgemeinschaft Bau is making a best estimate of a decline in real construction volume of between 2 and 3 percent. However, the prerequisite is the budget estimates for public investment are actually upheld, that modernization and repair are started more quickly and the funds for construction of publicly subsidized apartments are approved earlier than last year. Also, greater numbers of building contracts must not be allowed to go to companies from the FRG, whose share of construction volume in Berlin amounted to about 15 percent, according to estimates by the Fachgemeinschaft. West German companies accounted for between 25 and 30 percent of residential construction, about 15 percent of commercial construction and less than 5 percent of high-rise and below-grade construction. The Fachgemeinschaft estimates the cost advantage today for the companies from the FRG, which is based on on the higher wage levels in Berlin, to be about 10 percent. In 1982-83 the cost difference was 18 to 20 percent.

Construction costs in Berlin rose by only 1.3 percent in 1985, for basic construction the price increase was only 0.6 percent. For 1986 the Fachgemeinschaft estimates that price increases will be below the rise in the cost of living index. Hohoff describes the Senate's planning for the construction of publicly subsidized dwellings as totally inadequate. He said that the temporary difficulties with rentals had passed, and demand was higher than assumed by the Senate, even if the annual building program is increased again to 5,000 residential units, compared with the previous plan for 4,500 units. In 1986 only 5,850 units are to be built through publicly subsidized construction, after 7,050 were built in the previous year.

9581
CSO: 3620/225

LIBYAN FIAT HOLDINGS SECOND TO AGNELLI SHARES

Holdings Reportedly 15.9 Percent

Rome LA REPUBBLICA in Italian 10 Jan 86 p 4

[Text] When 9 percent of Fiat's capital was acquired by the Lafb [Libyan Arab Foreign Bank] in December 1976 the lawyer Agnelli could hardly have imagined that the Mediterranean partner who had joined the firm would eventually prove to be so embarrassing. At the height of the energy crisis and discontented with motor vehicles to the point of considering gradually abandoning the sector, Fiat was sailing in troubled waters at that time to put it mildly. Its finances were on the brink of disaster, and it took all the experience of a man like Cuccia to find a safe anchorage on the international scene.

Saudi and Misellati Schooled in London

Col Qadhdhafi financiers came foreward with an offer that was even said to have been sponsored by the Italian Embassy in Moscow. The Lafb poured $415 million into the coffers of Fiat, a figure equal to one-fourth of Italy's foreign debts at the time. The shares were negotiated at a price of 6,000 lire, while Fiat's shares were worth 2,000 lire on the stock exchange (They went up to 2,400 lire after the transaction). It soon became clear that this first investment of petrodollars in Italy had a political value to the Libyans that went far beyond the mere financial investment.

At that time the Fiat shares in Libyan hands placed the partner from Tripoli in second place on the list of groups controlling the Turin company, after Ifi (the Agnelli family), which held 26.5 percent. In time this position would be raised further than those of all the other partners, but at that time no one could predict the developments and above all it was just about impossible to find any alternative.

Abdulla A. Saudi and Regeb A. Misellati joined Fiat's board of directors as representatives of the Libyan bank. The former was president of the Lafb and the latter was deputy director of the Central Libyan Bank, both men in their forties schooled in economic and commercial sciences, experienced in the City's financial circles, and Qadhdhafi's advisers on international affairs.

It was very soon realized what they really wanted to do. Only a few days after the announcement of their joining Fiat Saudi and Misellati declared, "We have no intention of limiting ourselves just to collecting dividends from Fiat. We shall certainly do something more than clipping coupons." They were not lying.

In 1982 the interest in Fiat, which had gone up to 13 percent in the meantime by way of a capital increase, was transferred from Lafb (the fourth Libyan bank) to Lafico /Libyan Arab Foreign Investment Company/, its holding company headquartered in Tripoli. Lafico has interests in a hundred companies scattered throughout the world, 15 of which are in Malta, 12 in Europe, and the rest in Africa, Asia and Latin America. The Arab Banking Corporation of Bahrain, one-third controlled by the Lafb, owns a bank in Frankfort, one in Paris and the Atlantic Bank of Santander in Spain, and it has made huge investments in New York. The present president of the Arab Banking Corporation is Abdulla A. Saudi, who was replaced on Fiat's board of directors along with Miselatti. Ali Mahmoud Elgheriani and Mohammed T. H. Siala, two financiers worthy of their predecessors, took their places on the Corso Marconi. Both were experts in business administration in London, with international experience, and in Col Qadhdhafi's complete confidence.

"They Are Correct and Exemplary"

To return to Lafico, that company has industrial holdings amounting to about $45 million and it shares in 10 holdings, one of which is Fiat, amounting to a total of $400 million. In many cases its interests come to 50 percent. Its Fiat holdings amount to 15.19 percent today, second only to Ifi's (that is the Agnellis') 31 percent. After the capital increase in 1981 the Libyans also subscribed to the mega-capital increase in 1984, confirming them once more as partners with no intention whatever of giving up this authoritative position of theirs on this side of the Mediterranean. At current market values their holdings are worth 1.8 trillion lire (about $1 billion).

Elgheriani's and Siala's offices are on the seventh floor of the building on the Corso Marconi, one floor below Agnelli's and Romiti's office. They visit Turin regularly, and normally one of them is always present at headquarters. Siala is also on Fiat's executive committee together with Giovanni and Umberto Agnelli, Romiti and Gabetti (The committee is a body engaged in routine business, that is the decisions that can be made without involving the board of directors).

A few days ago, and not for the first time, the news went around the Milan stock exchange that Fiat had bought back the Libyan shares. Someone put the share price at 12,000 lire that the Turin company had paid to return the Libyan interest to the "family." But the rumors, probably fostered by the excitement caused by the events in the Mediterranean, received no confirmation from Fiat and even less from any Libyan source.

The truth is that there is no mechanism that could compel the Libyans to give up this desirable financial position of theirs in the western world, nor have they any intention of doing so. Actually as far as that is concerned they behave in their relations with Fiat as if the "Coral Sea" were on the Sea of Japan and not in front of the Gulf of Sidra.

In the period of Red terrorism, when the lawyer Agnelli was asked about the embarrassment that could be caused by a partner who did not hesitate to profess his sympathies, and perhaps even his support, for the groups that were staining Italy with blood, he replied, "The men who sit on our board of directors on behalf of the Lafb are correct and exemplary persons." And that answer does not seem to have changed today.

Libyan Managers: Low Profile

Rome L'UNITA in Italian 9 Jan 86 p 2

/Text/ The office is on the seventh floor of No 10 Corso Marconi, just one floor below the one of Gianni Agnelli. The man who crosses its threshold every morning dresses in European style with the refined elegance of a manager. But his name and his passport show that he is a Libyan official, placed in this post by his government, with the title that accrues to him from his ownership of about 14 percent of Fiat.

Later when the 15 members of Fiat's board of directors meet on Corso Marconi, Ali Mahmoud Elgheriani, representing Libya's Ministry of Heavy Industry, and Mohammed T. H. Siala, representing Lafico (meaning the Libyan Arab Foreign Investment Company), sit beside the Agnelli brothers, Cesare Romiti, Guido Carli, Walter Mandelli and other noted personages. Siala is also one of the six members of Fiat's executive committee, a kind of "privy council" that makes the strategic decisions of the multinational firm (The other five members are Gianni and Umberto Agnelli, Cesare Romiti, Gianluigi Gabetti and Franzo Grande-Stevens).

That is why the press office on Corso Marconi replied circumspectly yesterday to the reporters who were asking what Fiat thought of Reagan's appeal to the European allies to ban any economic relationship with Libya. The official reply was, "Since the Italian government has not yet made any decision, Fiat is not confronted with the problem."

There would certainly be a great many problems for Fiat if our authorities were to join Reagan's boycott. Libya's present investment in the major Italian industry is estimated at about 350-400 billion lire.

At first the Libyans invested about 360 billion lire in Fiat, in the form of shares, convertible bonds and a loan in dollars. Next they converted the bonds to shares, bringing their share in ownership of Fiat up from 9.7 to 13.8 percent, a very considerable interest in view of the fact that the Agnelli family owns about 33 percent of Fiat. Since then they have always contributed to Fiat's capital increases. Again in November 1984 they punctually paid in their quota of 110 billion lire on the occasion of the last readjustment. Of course the Libyans have also profited: About 30 billion of the 223 billion in profits distributed to the shareholders last year wound up in Tripoli. But the relationships between Fiat and Libya are not only financial. For example the Libyan market is one of the chief ones for Iveco, the truck sector of Fiat. And Iveco is actually completing an assembly plant for trucks and buses at Tajoura in Tripolitania. And what about arms? No news on the subject is forthcoming, but it is known that the Fiat group is producing various armaments and that this kind of "merchandise" reappears in various parts of the world after "commercial" transactions that are very difficult to reconstruct.

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ECONOMIC

ITALY

STUDIES ANALYZE CHANGES IN ECONOMY, POPULATION

Heavy Losses Sustained

Rome LA REPUBBLICA in Italian 11 Jan 86 p 31

[Article by Alessandra Carini: "State Industry: Sick Giant"]

[Text] 27,000 billion lei in investment capital received in 10 years, offset by about the same amount in balance sheet losses (25,500 billion). Another 60,000 billion borrowed from the Italian financial system. Such has been the cost of government participation over the last 12 years. Public enterprises in the aggregate now make up about one-fourth of the entire industrial system. Out of every 100 lire invested by the banks, 25 are absorbed by ENI, IRI, EFIM, and GEPI. Out of every 100 employees of industry as a whole, 10 work for these 4 administrative entities.

At the end of 1984 the public enterprise system seemed gigantic; in no other Western country was the share of business run by the government so large. But this giant seems to have fallen ill. It turns a profit in service sectors or in those where it can collect revenue as a monopoly (telephone system, highways, energy, etc). Many times it cannot withstand competition by private enterprises in other sectors. It is losing in many areas, without being able to pull out of its slump, the result for the most part of rescuing private firms. The "manager doctors" who have hastened to its bedside, such as Romano Prodi and Franco Reviglio, have tried to cure it. They have spent less, reduced indebtedness, and obtained help from the government, but their efforts are too modest in relation to the magnitude of the problem.

These are the findings of a study by CEEP, the Economic Policy Studies Center headed by Giorgio La Malfa. A group of experts and students under Riccardo Gallo has compiled a report reflecting the development of public enterprises.

Its analysis, based on financial statements, laws, and the most significant stages in the history of government industrial participation, extends to 1984, a year which marked a turning point in administration. However, La Malfa is convinced that this is not enough and that the system must be reformed. Public corporations should concentrate their efforts on sectors which contribute to alleviation of the balance of payments problem (energy), basic infrastructures (transportation and communications), and supporting markets (in housing construction, for example). But along with this there is need for an institutional reform helping to sever the hidden link to political power. The remedy according to La Malfa lies in "institutional revamping of the system and in guarantees that partial privatization of businesses will be accompanied by participation in management by private firms." Following a discussion among experts of different schools of thought, the proposals will be given expression in a draft law which will be submitted to Parliament. Will new standards be enough to change uses and practices applied for years?

The law establishing the Ministry of Government Industrial Participation provided that corporations would have to comply with economic operating efficiency criteria. Something entirely different has happened, "not so much and not exclusively," states the Report, "because of the incompetence of management as because of the decreasing autonomy enjoyed by management relative to its political partner." This, the Report goes on to say, has fostered "erosion of the professional capabilities of public managers, who who have always been required to substitute exercise of sociopolitical mediation for more essential technical skills."

The economic and financial imbalance caused by all this has led to a kind of vicious circle harmful to the system. As a matter of fact, investment capital has been allocated to offset this disruption. The monopoly revenue collected by some services has increased (for example, AUTOSTRADE charges have increased fivefold in 10 years, while the net earnings of SNAM, which produces methane, have grown by a factor of 2300). According to the study, government allocations have multiplied, and even the point of pretense is reached, as happened this year in the financial law, where 3,500 billion were listed as loans, while in reality the entire amount was a government outlay either for payment of interest or for reimbursement of capital.

This policy has "tended to diminish the descriptive capacity of the financial statements of businesses, hampering the identification of economic disruptions and any inefficiencies that might exist." It has increased the dependence on political power and the shifting of responsibility from management. "Management has consequently moved away from the efficiency criteria favoring expansion, which generates power, with attendant increase in losses to cover which additional funds must be spent." The escalation has taken the system from a profit of 41 billion in 1973 to a loss of 5132 billion in 1983. The loss was reduced to 2888 billion in 1984, not only as a result of improvement in operational management but because of the "massive infusion of capital by the government between 1983 and 1984 (11,400 billion), a good 3400 billion above the losses incurred."

And what about the private sector? Comparison of private and public industry from the viewpoint of management data shows industry to be the loser. Even leaving aside the extreme case of comparing the figures for RAI with those of the Berlusconi group, in the sectors in which the firms have met in the marketplace the financial statements and productivity indicators clearly favor the private firms. This was the case for many years in the cement production sector, and still is in the automotive sector. The situation in the private sector, however, is a twofold problem for public corporations. Without hundreds of rescue operations decided on and carried out at the expense of the public system, some 1000 billion in losses in recent years would perhaps still have to be absorbed by the private sector.

The Years of Deficit

	Total (1974-1984)
IRI	
Net balance	-17,288
Payments to treasury	23
Payments to capital investment fund	17,318
ENI	
Net balance	-4,000
Payments to treasury	0.3
Payments to capital investment fund	5,194
EFIM	
Net balance	-2,747
Payments to treasury	---
Payments to capital investment fund	1,864
GEPI	
Net balance	-1,500
Payments to treasury	---
Payments to capital investment fund	2,526
Totals	
Net balance	-25,535
Payments to treasury	23
Payments to capital investment fund	26,902

Private Firms Gain

Automobiles Per Employed Person

Alfa: 6.1*
BMW: 9.7
8 if persons receiving unemployment compensation are included

Billing per employee
(in billions of lire)

RAI: 46.2
Berlusconi: 243.1
UNICAM (FIAT): 195
CEMENTIR (IRI): 143

A Boom in Rates

	Net operating proceeds 1974 (billions of lire)	Net operating proceeds 1984 (billions of lire)	Change, 1984/1974 Nominal (in percent)	Change, 1984/1974 Real (in percent)
SNAM (methane sector)	372	9,128	+2,353.8	+425.8
SIP	914	7,673	+ 739.5	+ 79.9
RAI	192	1,200	+ 525.0	+ 33.9
AUTOSTRADE	140	998	+ 612.9	+ 52.7

Trend Toward Zero Population Growth Noted

Rome LA REPUBBLICA in Italian 11 Jan 86 pp 31-32

[Article by Felice Saulino: "This Is Zero Growth Italy, with Longer Life but Fewer Births"]

[Text] He is living longer and the population is headed for zero growth. He is not wildly enthusiastic about getting married, but once he has taken the big step he is cautious about divorce as well. He is better educated, but also more aggressive (crime is on the rise). He is young and often imemployed, but when he has a job he tends to indulge in conspicuous consumption to acquire status symbols. This is the picture of the average Italian in 1984 as it has been drawn in the 1984 Statistical Yearbook. It surprisingly is the picture of an Italian hedonist. And the most surprising thing is the source, the Central Institute of Statistics, an agency not fond of "color," an official institution which records figures from official sources or collects data from sufficiently large and authentic samples.

This is a definite sign of the major changes fermenting under the surface of a country wrongly considered very slow to react to change and too conservative. It is a picture of a country motionless only in the eyes of those who reside in the centers of power.

The first surprise is that the population is growing only very little, at the rate of 3 promille per year. From 1981 to 1984 it increased barely 544,000. Over the decade from 1971 to 1981 population grew at the rate of 4.4 percent per year, and the decade before that at the rate of 6.7 percent. In the North the birth rate is even negative (-0.9 promille), but even in Central Italy the rate is low (3 promille). The South and the islands are headed in the same direction (an increase of about 8 promille). From the demographic viewpoint, even the South is moving away from the Mediterranean and crossing the Alps.

Another unexpected development is that per-capita income outstripped inflation in 1984 (12.63 percent as against 8.6 percent) and spending for luxury goods increased. Naturally, there was also an increase in imports of expensive products and foreign travel became more common.

The third surprise is that Italians are abandoning the cities, and not just the large metropolitan areas but cities with more than 100,000 inhabitants. Almost all cities throughout the country exceeding this figure are losing residents. The Statistics Institute does not indicate the reasons for this phenomenon, but there are basically two of them, decentralization of production favored by new technologies and the greater ease in finding rental housing in small urban centers.

The fourth surprise is that the population is increasingly female. There are already 1-1/2 million more women than men and their lifespan has lengthened to 77 years, while the average for men is just below 70 years. At the same time, the population is becoming more sickly. The number of persons in poor health has risen to 19.4 percent of the total and drug consumption has literally exploded, around 9 million units of antineuralgic drugs and painkillers being taken. To be added to this are another 3 million tranquilizers and 728,000 sleep-inducing drugs.

Recent Population Trends

Year	Resident Population	Population Increase	Marriages, religious and civil	Marriages per 1000 inhabitants	Divorces
1981	56,536,499	--	322,968	5.6	14,426
1982	56,742,468	+97,010	316,953	5.5	15,752
1983	56,929,101	+49,129	300,855	5.3	16,005
1984	57,080,498	+61,899	298,028	5.2	16,852

Economic Changes Linked to Demographic Development

Rome LA REPUBBLICA in Italian 11 Jan 86 p 32

[Commentary: "As Population, Economy Change, Teachers Give Way to Ecologists"]

[Text] The population is changing, and the economy along with it. The zero growth and the migration to the countryside are bound to cause radical changes in the economic picture as well. The new problems presenting themselves on the threshold of the 21st Century are generating new professions. The drop in the birth rate is causing others to disappear.

The change has already been reflected in the figures released by the Central Institute of Statistics. The first victims are teachers. Over the last 5 years the number of children attending elementary schools decreased by almost 500,000. This means 30,000 fewer classes. The decline has been slower in secondary school, but the zero growth wave is on the verge of washing over its teachers too. In 1984 the number of secondary school students dropped by almost 30,000, that is, by 60 fewer classes than the previous year. This means that there are no more openings for new teachers in all of compulsory education.

Other professions are cropping up, on the other hand. Ecological concerns are spurring new initiatives and attracting capital. Pollution control has already become a business, especially in Milan, Turin, and Rome, which according to the Central Institute of Statistics were in 1984 the most heavily polluted cities in Italy.

Italian business figures now reflect heavy spending for fashions and spreading hedonism, additional consumption encouraged by a status-conscious society. One example is that a considerably amount of per-capita income intended for consumption is spent for luxury goods.

There are no major surprises in the remaining figures given by the Central Institute of Statistics. The unemployment figure in 1984 was enormous, especially in the South and among young people looking for their first jobs. Italy is still a nation of savers. There was an increase of 12.4 percent in savings from 1983 to 1984. Employee income outstripped inflation, by more than 11.4 percent. This puts Italy in fifth place in Europe, ahead of the Federal Republic of Germany and behind the Netherlands, Luxemburg, France, and Belgium.

As regards the gross national product, in 1984 it reached 612.112 trillion current lire, 13.6 percent more than in 1983. The growth in real terms was 2.6 percent, the highest in Europe.

Resources were used partly to rehabilitate the business system. The large-scale restructuring of production in progress in the country over the last 3 years spurted ahead in 1984. Among fixed capital investments, machinery and equipment absorbed 59.2 percent of the total, or more than 60 trillion.

One confirmation comes from the explosion of unemployment compensation, a gain of 758 million hours. The unemployment compensation fund is an instrument used in times of crisis, but also when restructuring of production is in progress.

However, the picture emerging from the statistics is not a uniform one. The gap between North and South, between advanced areas and backward regions, is clearly shown by the figures on the economy. It is a gap that goes on widening year after year. Take only the employment data. In 1984, 42.2 percent of the gainfully employed population worked in Northern and Central Italy, and only 35.6 in the South. The number of independent businessmen active in Northern and Central Italy was 4 times greater than in the South.

Employment and Spending Figures

Year	Employed	Unemployed	Family spending (billions of lire)	Percentage of Change in Spending
1981	20,544,000	1,895,000	248,224	+20.2
1982	20,493,000	2,052,000	290,984	+17.2
1983	20,557,000	2,264,000	333,399	+14.6
1984	20,647,000	2,391,000	377,781	+13.3

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CSO: 3528/67

FIAT ANNOUNCES RECORD INCREASE IN 1985 PROFITS

Rome LA REPUBBLICA in Italian 22 Jan 86 p 29

[Article: "Fiat Reaps a Record in 1985; 1,000 Billion Lire Profit in 1985, No Division Has Registered Losses"]

[Text] It did go well, but it could have been even better if Italy had been able to take advantage of the positive conditions which took shape in 1984 and of the favorable international economic trends. This remark by Attorney Agnelli, which was included in his letter to the shareholders, goes together with the yearly Fiat results for 1985--a year among the best in the history of the Turinese group: sales of over 26,000 billion, profits of over 1,000 billions, and none of the sectors were in the red. There were good prospects for dividends.

Since the change to a Fiat holding company in 1974--an operation which ended in 1979 with the formation of Fiat Auto S.p.A.--this is the first consolidated budget in which none of the sectors ended up in the "red." As Attorney Agnelli wrote in his letter to the shareholders, the remaining areas in which losses had occurred at the end of 1984 had been eliminated: in particular, the area of industrial vehicles, which by itself amounted to over 100 billion lire.

However, this is not the only interesting aspect of the accounts examined yesterday afternoon by the Fiat Board of Directors that met under the chairmanship of Attorney Agnelli on the eighth floor of the mansion in Corso Marconi. Translated into numbers, these accounts led to consolidated sales of 26,300 billion lire (2,487 billion lire more than in 1984); investments and research and development expenditures climbed from 2,115 to 2,450 billion lire; the net consolidated debt decreased from 4,043 to 2,985 billion lire; the operative profit amounted to 2,135 billion lire--exceeding 8 percent of sales against 7.8 percent in 1984; the internal financing of 2,674 billion lire resulted in an equivalent of 10 percent of sales (it was 8.8 percent in 1984); and the monetary balance of the group showed an active import-export balance of 4,350 billion lire.

The employment trend, however, is a different story. As a matter of fact, the number of Fiat employees in 1985 decreased from 232,000 to 224,000. Some 8,800 workers on unemployment compensation (there were 15,000 in 1984) are, of course, included in the calculations and are still shown as doubtful by the group. It is also interesting to note how the cuts in employment have been consistent, especially in the car manufacturing division (-8,000), while we find an increase of almost 6,000 in the components sector.

As far as Fiat S.p.A. is concerned, the 1985 economic trend has been positive and is showing further improvement in comparison with the previous year. This result has been made possible thanks to an increase in dividends provided by participating companies, for a total of about 287 billion lire with an 84 percent increase over the previous year due to the efficiency of financial management. The net financial position of the group leader showed a credit balance of 1,400 billion lire (75 billion lire more than in 1984).

Is it possible to predict how the shareholders' meeting will vote in July concerning dividends? Last year it was in the amount of 110 lire, an amount which because of the previous increase in capital, was much higher than the 180 lire paid in 1983. This year the 1,000 billion lire profits (compared to the 627 billion lire in 1984) would make one think of a reappraisal. However, here we must remember that Fiat's policy has always been that of a group which, at a time of plenty, has always thought of profits without neglecting investments.

The following is a short picture of the trend in the major divisions of the group.

Automobiles

This sector, all by itself, has put together more than half of the group's sales. In 1985, together with companies in which they have a controlling interest, Fiat Auto has produced 267,600 automobiles in Italy, thereby keeping a 52.2 percent leadership on the national market and increased its sales by 7 percent during the year. The Uno, Panda, Ritmo, and Prisma automobiles, which are among the seven most sold models, contributed to these results as well as the launching on the market of the Thema, the Y 10, and more, recent recently, the Croma.

Industrial Vehicles

The sales have increased by about 700 billion lire in a European situation which varies from country to country. The most important fact in this sector, however, is the renewal of the line and the higher penetration into foreign markets along with the fact that the extensive losses that occurred in 1984 were wiped out.

Tractors

Sales have increased in spite of low world demands in 1985. Fiat has asserted itself as the number one European manufacturer and its tractors were the most sold in Italy and, for the 7th consecutive year, in Europe as well.

Earth Moving Machinery

The slight increase in sales reflects the sagging of the market in 1985. Fiatallis increased its sales (by 6.6 percent), especially in Brazil and in the United States, thus improving its economic position.

Components

About 800 billion lire increase in sales and 6,000 more employees: these two figures reflect the good trend in this sector which benefited from the automobile market as well as from the industrial components and defense products.

Means and Systems Productions

At the end of 1985 this sector had an order list for 1,100 billion lire. For COMAU this has been a year for joint ventures with General Motors and Digital Equipment.

The Following Are the Division by Division Accounts
The Bet on the Car Has Been Won

	Sales (in billion lire)		Employees (numbers)	
Sectors	1985	1984	1985	1984
Automobiles	13,950	12,878	99,722	107,681
Industrial vehicles	5,241	4,575	34,083	35,802
Agricultural tractors	2,135	1,951	11,381	11,393
Earth moving machinery	1,048	1,010	5,595	6,357
Metallurgical products	1,028	945	11,200	11,370
Components	3,300	2,539	36,126	30,439
Means and systems for production	659	580	4,297	4,301
Civil engineering	340	400	2,976	3,927
Railroad products and systems	159	144	1,222	1,301
Aviation	443	372	3,604	3,466
Thermomechanics	180	203	1,275	1,541
Telecommunications	475	412	4,836	4,764
Bioengineering	156	122	954	874
Publishing	206	197	1,298	1,309
Tourism and transportation	261	242	2,035	2,746
Others	287	379	3,617	5,031
	29,868	26,949	224,221	232,302
Exchange between divisions	(3,538)	(3,136)		
Consolidated net group sales	26,330	23,813		

1985: Provisional data

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CSO: 3528/74

AGRARIAN REFORM IN ANDALUSIA ASSESSED

Objective: Productive Use of Land

Paris: LE MONDE in French 11 Feb 86 pp 35-36

[Article by Thierry Maliniak]

[Text] Agrarian reform! If there were ever two words that have long fed the flames of passion in Andalusia, it is these two! As a panacea for rural problems for the left and a pernicious assault on property for the right, agrarian reform has never ceased being at the center of political debate in this region. Now, at a time when it was believed to have been forgotten, at a time when membership in the Common Market is becoming effective, there it is once again, in the foreground of current events, arousing as many polemics as it did a half-century ago, or so it would seem.

Agricultural estates expropriated, landowners who claim to have been robbed and are ready to declare war on the government, landless workers threatening to take their place: such goings-on have not been witnessed in the memory of Andalusians since 1932, when the Republic had declared an agrarian reform which Franco was to cast quickly into the dungeons. Since that time, laws providing for the "expropriation for utilization" of poorly managed farmsteads had, of course, followed one upon the other; the Franco government had had its laws and after the return of democracy, the centrist governments had had theirs. But all these texts had remained dead letters.

Thus when in July 1984 the first Andalusian regional government, formed two years earlier by the socialists, promulgated a new law on the subject, no one seemed to take much notice. Nor again four months later, when it officially declared that the Antequera region, about 50 kilometers from Malaga, would be the first zone in which the agrarian reform would be implemented.

Observers had to wait nearly another year for the really sensational development: on 16 October 1985, the regional government announced the expropriation --under the form of obligatory rental to cooperatives--of 12 agricultural properties out of the 85 that comprise the zone, whereas about 30 others were subjected to various penalties.

Pursuing this initial thrust, the Andalusian government then announced the extension of the reform to seven other zones in four provinces. Within the various farmers' organizations, there was a clearing of the decks for action. As for the conservative opposition, it had filed a petition against the law with the constitutional court, which has still not handed down a ruling. The Seville court of appeals, on the other hand, recently determined (5 February) that the rule of application of this law is not in conformity with the common law. The Andalusian government immediately appealed this decision. While awaiting the definitive verdict of the higher courts, people on both sides are now polishing their weapons.

Complexity

But what precisely is this reform that the leftist opposition deems insufficient and the rightist excessive, which the communists call "conservative" and the conservatives "communist"? Its methods are complex. The text provides for the computation of two sets of indicators for each region, based simultaneously on the crop yield and the level of manpower needed per hectare: the optimal one reflects the situation of the best farmsteads and the other the arithmetic mean of the results of all the properties of the zone. In addition, a coefficient of correction is applied to take soil diversity into account.

Those farmsteads with yields that amounted to less than half of the average over the last five years will be automatically expropriated. Those "bracketed" between 50 and 100 percent of this same average will be required to formulate an obligatory "improvement plan," under penalty of suffering the same fate.

The reform makes "expropriation for utilization"--that is, the obligatory renting of farmlands to cooperatives for 12-year periods--the rule, and full expropriation of properties the exception, to be carried out only "when serious reasons of an economic or social nature demand it." In addition, the farmsteads that do not reach 80 percent of the optimal index are required to pay an underutilization tax, which is the heavier in proportion as productivity is lower.

So above all this is a "production-oriented" reform measure, and as such it breaks away from the old plan of the Andalusian left, long prepared to go to war with the latifundium system. "It makes little difference whether a farm is small or large; what is important is that it is productive!" exclaims Mr Miguel Manaute, the minister of agriculture of the regional government, in synthesizing the spirit of the reform. This is also the opinion of the president of this same government, Mr Jose Rodriguez de la Barbolla: "It is true that fifty years ago the left was still defending the concept of family farms, which constituted a factor of social stability and reinforced the ideal of democracy. Today we no longer hesitate to recommend a modern type of agriculture with expanded farmsteads, large-scale savings and high yields."

Is it a reform tainted with "neo-capitalism," as the work commissions communist trade union attests? The socialists make no mystery of it. "In the Andalusian agricultural areas there are many good farmers, but few good capitalists," declares Mr Manaute. "The crops are technically well grown but frequently badly selected: the proprietor prefers a crop with fewer risks and investments, even if it is not the most appropriate one indicated for his zone. Our reform aims at inciting him to a greater spirit of enterprise."

The socialists, however, deny that they have set aside social preoccupations. "A rightist reform would have concerned itself only with raw production," stresses Mr Francisco Vasquez, the president of the Andalusian Institution for Agrarian Reform (IARA). "We, on the other hand, by virtue of our indices, take into account both the production and the extent of utilization of the farmsteads. In a region where the pressure from the labor force is so strong, one must aim at a happy medium between profitable economic productivity and the social use of the land."

But the arguments of the socialists, whose idea is that "the reform will not affect good farm managers," have scarcely convinced the farmers' organizations, which have put up a solid front against the law. "The reform emphasizes raw production and not profitable productivity," maintains Mr Jose Bohorquez, the president of the Federation of Farmers and Stockbreeders of Andalusia (FASAGA). "The crops favored by the reform are not necessarily the ones that offer the best markets or the highest profits. Moreover, among the farmsteads that IARA has put at the top of the list in Antequera, certain ones are in fact facing a deficit!" And he concludes: "This reform goes contrary to community agricultural policy, which differs in preferring to incite the farmer to orient himself toward those sectors where profitable productivity is maximal and a market demand exists."

On the part of the Andalusian government, the feeling is that the grumbling of landed proprietors hostile to the law is in large part due to the fiscal transparency that it guarantees. Yesterday, farmers had a tendency to underevaluate their production in the internal revenue declarations they made. Today, on the other hand, they find themselves tempted to overevaluate it in order to meet the required indices.

At IARA headquarters in Antequera, officials claim to have discovered, while carrying out studies preliminary to the first expropriations, that about a third of the farmers had never declared anything to the internal revenue service! Without actually intending to accomplish this goal then, the agrarian reform should have the side-effect of considerably reducing tax fraud and of bringing up to date a land registry which in Andalusia often shows only a distant relationship to reality.

But will it also attain its true objective, that of modernizing and energizing the Andalusian farmlands by favoring the appearance of a class of more innovative agricultural entrepreneurs? Or is it only a "relic of another age," as is the feeling of the conservative opposition, for whom it can only paralyze private investment in the primary sector? Certainly, radical agrarian reform, as it was understood at the time of the Republic, has lost a good part of its rationale in present-day Andalusia: the image of the great landed absentee owner who kept fertile fields fallow for use as hunting preserves belongs more and more to the past.

Nevertheless, the mean indicators of agricultural productivity in the region, while higher than the national average, actually conceal deep-seated disparities. "We are one of the rare regions of Common Market Europe in which three different centuries are simultaneously present," confirms Mr Rodriguez de la

Borbolla: the 21st century, with its de luxe tourist accommodations on the Costa del Sol and the ultramodern irrigation-sustained agriculture of Almeria; the 20th, with its naval construction and ironworking industries in full reconversion; and the 19th, with its archaic agricultural methods in certain internal regions. Our reform aims at eliminating the 19th century."

There remains the fact that the agrarian question in Andalusia--in this everyone at the Seville conference was in agreement--presents many more problems besides those brought up by the agrarian reform. How to improve the marketing of products, avoiding the pyramid of middlemen who increase prices? How to facilitate the availability of credit to the farmer so as to allow him to modernize his operations? How to go about processing farm products on the spot and not have to send them to other parts of Spain?

"We export wheat but import flour," stresses Mr Manaute. In an area where 20 percent of the active population is still employed in the primary sector, these are questions which also indisputably and urgently require a response.

Objections to Methods Used

Paris LE MONDE in French 11 Feb 86 p 36

[Article by Th(ierry) M(aliniak)]

[Text] "You were no doubt expecting to find yourself face to face with a great landowner? Well, I'm not! You must realize that I am just a little working man who bought a farm with his savings and that I don't own even 100 hectares of land. And my two partners had very little as well. Today we have barely anything left. What do you want us to do? Take a gun and join the ranks of the ETA [Basque Fatherland and Liberty Group]?"

There is no doubt about it, our three interviewees could certainly have done without the questionable honor of being classified among the first farmers of Spain to be expropriated in over half a century! We are at ASAGA headquarters in Antequera, the city of Malaga province where the Andalusian regional government began to implement its agrarian reform at the end of 1985. The visitor is greeted by a chorus of recriminations: the studies that preceded the reform were carried out hastily and unsystematically, resulting in deviant conclusions, one hears.

At the local offices of IARA such accusations are denied. "We first established a classification of 24 types of soils, based on their fertility, before ranking each farmstead on the scale. Then we studied the yield and the level of manpower needed, property by property. The resultant figures were then computerized," Mr Ignacio Trillo, the director of the Institute assures us, showing us dozens of regional maps on the walls of a large room.

"The highest-ranking properties are therefore not those that enjoy the best soils, but in fact those that make the best use of the land. And our studies have shown that in the matter at hand, the disparities between farmsteads are enormous, which amply proves the need for reform."

Bungling

"Classification of soils? The so-called agrarian reform experts who came to my house hardly even got out of their cars!" retorted one of the expropriated farmers. "If they made another classification today, I am sure that they would arrive at quite different results." Then he added: "In my case, the classification was particularly unjust: IARA demanded a yield from irrigated land over the last five years, whereas I did not install my irrigation system until barely a year ago!"

Everything leads one to believe, in fact, that the Antequera region has in some sort served as a guinea pig, and that this first implementation of the reform gave rise there to a certain amount of bungling. But must its very principle be brought into question because of this? The ASAGA officials are convinced that it must. "The very notion of establishing a form of equivalence between different farmsteads is ridiculous," they object. Each of these properties answers to too many individually different features to make an equitable comparison possible."

Of course IARA disagrees with this conclusion: "The philosophy of the reform remains a good one. But it is true that it would be better to improve the technical working-out of our indices, while taking into account supplementary criteria such as profit and productivity or the importance of investments. However that may be and whatever improvements are made, it is illusory to expect landowners to applaud an agrarian reform!"

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CSO: 3519/129

SPAIN

BRIEFS

IBERIA ABANDONS DOMESTIC SERVICE--Iberia, the Spanish national airline, has decided to phase out nearly its entire domestic service, our colleagues in L'ECHO TOURISTIQUE (27 January) announced. This service is deemed the truly guilty party in the financial troubles the airline has been suffering for the past four years (9.25 billion pesetas deficit in 1984-1985; 19.6 billion in 1983-1984). Iberia hopes thus to reestablish the point of balance by the end of fiscal 1985-1986. It is a draconian remedy. Iberia would retain only the main glide paths for departing or incoming international aircraft, turning over the rest to three new Spanish airlines, which will be responsible for the national service to the Canary Islands, Andalusia and the Balearic Islands, although it will still retain supervisory rights through the agency of its chief stockholder, INI [National Institute of Industry]. The company, which in fiscal 1984-1985 saw its business figure rise by 10.4 percent (275 billion) and the number of its passengers increase by 4.8 percent (13 million, of which a little more than half used the domestic network), plans to play its international card for all it is worth. [Text] [Paris LA TRIBUNE DE L'ECONOMIE in French 27 Jan 86 p 4] 8117

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ENERGY CONSUMPTION, IMPORTS FOR 1985 DETAILED

Vienna DIE PRESSE in German 19 Feb 86 p 13

[Article by Josef Urschitz: "The Retreat From Oil Was Stopped; Energy Imports in 1985 Were as Expensive as Never Before; Fuels Moved back Into the Affordable Range for the Austrian Economy"]

[Text] Austria was quite successful in "decoupling" of energy consumption from economic growth in past years: For example, last year the economy grew by 3 percent but energy consumption by only 1.9 percent.

But this positive development is now endangered: after all it is based essentially on savings which were favored by the exorbitant increases in energy prices of the late 70's and early 80's. Without the pressure of high energy prices, the savings potential discovered since the first oil shock probably would not have been utilized anywhere nearly as much.

But since last summer the energy prices have been dropping again; with regard to the still by far most important energy source oil, the price collapse has even assumed dramatic forms. At the same time, the exchange rate of the oil currency dollar declines. For the present this has had exceedingly positive effects on the Austrian balance of trade: The cost of energy imports which last year still increased by leaps and bounds presumably will again be more moderate this year.

Generally the experts fear that the much quoted "retreat from oil" could come to a standstill, there could even be a change once again to the inexpensive energy source oil. This would have clearly negative consequences in the medium term: The dependence on oil and thus on the oil states in the Near East would again increase, a new price shock with all its negative effects on the world economy would be the consequence.

That the "flight from the oil" was purely based on reasons of costs and that with continuing low crude oil prices it would be immediately forgotten meanwhile is regarded as proven among the experts. In Austria this thesis can be substantiated very nicely on the basis of statistics: After several years with declining crude oil imports, the imports of the "black gold" are growing again since the past summer. The pendulum started to swing in the opposite direction exactly at the time at which the downswing of the oil prices and thus the fuel prices started.

Analysis of the 1985 Energy Consumption

Thus, e.g., the Economic Research Institute in an analysis of the energy consumption of the first three quarters of 1985--exact data on the fourth quarter are not yet available--noted that the retreat from oil came to a standstill in the third quarter. Consumption of crude oil and crude oil products in this period was 2.2 percent above the value of the previous year. In the first 9 months of 1985 a reduction of 0.9 percent was still recorded.

The structure of energy consumption, according to data of the economists, in the third quarter shifted clearly from coal (minus one percent) and from natural gas (minus 3 percent) to oil (plus 2.2 percent) and to water power (plus 8 percent). Mineral oil products profited from the thus far rather declining transportation field--but which grew during the reporting period by 5 percent--and especially from great increases in the field of heat generation. The rediscovery of oil as fuel is attributed by experts to the declining prices exclusively. Sizable increases in oil consumption were recorded in industry as well as in the home heating field.

Despite the declining prices, Austria has never spent as much for energy imports as it did last year. The economists estimate the costs of energy imports at a steep 64 billion schillings. From January to the end of September alone--exact figures are already available for this period--48.7 billion schillings flowed out of the country for energy purchases. Compared to the same period of the preceding year, this corresponds to an increase of 15 percent.

A sizable part of this great increase is of course attributable to the import prices that were still increasing during the first half year. The import quantity itself increased by only 4 percent. For example, in all of 1983, 600 million schillings less was transferred to foreign energy supplier than this year during 9 months. In 1984 the energy costs were 59.2 billion schillings.

Of course, this year these expenditures are likely to decline once again, provided that the present weakness of the crude oil market continues long enough. Crude oil after all constitutes by far the biggest item in the energy costs. That the hope for a reduction of the payments for energy purchases is justified is shown by a comparison of the crude oil prices and of the dollar rate of exchange to the preceding year: According to information from the Economic Research Institute, Austrian importers had to pay about 29 dollars for a barrel of oil at the beginning of 1985. Towards the end of the third quarter, the price still amounted to 27.80 dollars. The dollar rate of exchange--crude oil is internationally traded on the basis of the U.S. currency--during this period of course declined 12 percent, a fact which lowered the cost of imports on schilling basis even more. Early February the oil prices had slipped to below the 20 dollar mark, while at the same time the dollar rate of exchange was only barely a little over 17 schillings.

The declining oil prices are in part checked by growing costs for solid fuels such as, e.g., hard coal; but in the total costs, coal imports play only a subordinate role. Clearly welcome prospects for the economy which at least temporarily can get fuels at reasonable prices and thus its burden is somewhat eased on the cost side.

Of course, it must be feared that expensive energy savings measures will now be shelved. The energy waste of the 60's and 70's will, however, no longer become a wide spread practice, it is assumed. This will be prevented by the successful measures instituted at great cost. Thus, e.g., no car manufacturer would even dream of installing again technically obsolete engines with high gasoline consumption in his models merely because the motor fuel has suddenly become cheap again.

The same applies to fuel consumption in the many houses which were insulated at great financial expense during the past years. No one is going to tear out the insulation. Industry will gratefully acknowledge every little easing of costs.

However, there is the danger that the speedy development of new, but more expensive, energy supply forms will begin to flag. Thus, e.g., in the case of the sinfully expensive long-distance heating network: This form of energy has recently achieved the highest growth rates--last year after all 22 percent. It would be too bad if the further development plans would be shelved on account of the oil price reduction.

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RADIO CONTACT MADE WITH ANTARCTIC MISSION

Rome LA REPUBBLICA in Italian 11 Jan 86 p 18

[Article by Arnaldo d'Amico]

[Text] "Until now all has proceeded very well, even better than foreseen. The ship is still separated from the coastline by one kilometer of frozen sea, but the coming of the antarctic summer and the very strong winds are quickly freeing the bay. In a few days we should make direct contact with the coastline and thus avoid the necessity to cross the dangerous strip of frozen sea." The voice of General Ezio Sterpone, leader of the Italian expedition to Antarctica, resounded clear and loud in the hall of the Ministry for Scientific Research after being relayed through a three satellite system over three oceans--the Atlantic, Pacific, and Indian.

Minister Granelli can hardly hide his satisfaction but nevertheless asks General Sterpone to be concise in his answers. In fact, the telephone call costs 40,000 lire per minute, but in spite of the admonishments it will last more than a half hour. There are many things to say and curiosities to satisfy. "It is now 2100 hours here and the weather is good but during the past days we had a substantial snowstorm. The climate is practically like that of an alpine ski resort."

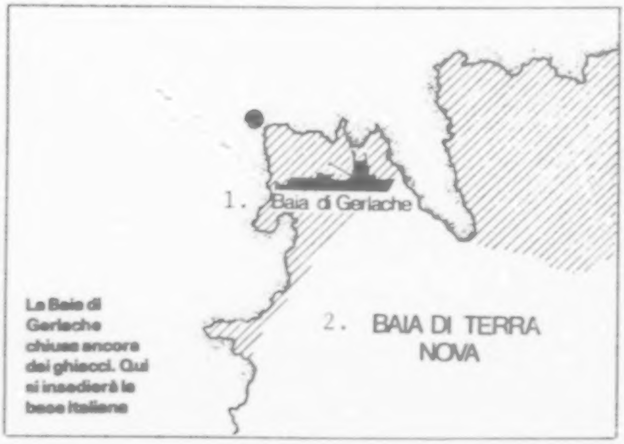
It's now Professor Carlo Stocchino's turn, who is a veteran of the polar ice (he was the first Italian scientist to go to the South Pole in 1968) and scientific leader of the mission. "We have already accomplished the first survey using crawlers to penetrate 30 km into the continent, and have collected geological samples on the surface and by means of drilling. Sixty-five stations for measuring terrestrial magnetism have been installed, and geophysical measurements have been collected over an area of 7,000 km squared. Five temporary bases have been installed, prior to the permanent ones. Work is proceeding full steam and the men have now adapted perfectly to the environment even if at the onset those of us that had never been here went through a few perplexing moments."

"Still perplexed are the penguins," said Stocchino jokingly. "It's 20 days that our red ship's motors have been running 24 hours a day in the Bay of Gerlache (in those waters ships cannot anchor but have to be in continuous movement so as not to be trapped by the ice - editor's comment). Two helicopters take turns going to and from the land bases while six motorsleds and a crawler explore the surroundings."

The Italians have arrived late but are frantically gaining lost time. Already at a good point are the geothermic studies of the 2700 meter Melbourne volcano and the atmospheric physics measurements aimed at gathering precious information on the solar wind and its influence on the occurrence of auroras and disruption of radio communications.

The scientific program will continue to the end of February, the end of the first mission, with marine biology investigations aimed at evaluating the possibility of extracting food from small shrimps, called krills, which populate antarctic waters; while a study of musses and lichens will yield precious information on global pollution. These minute plants absorb and retain substances they come in contact with, and previous studies have already detected significant traces of DDT and other pollutants brought to the polar ice cap by as yet unexplained meteorological perturbations.

These studies will also permit one to determine the persistence time of noxious chemical products in the environment. The technical program includes, instead, measurements and surveys in the "Northern Foothills" zone aimed at solving the numerous problems of construction and habitability caused by the climate. "Naturally its early to draw conclusions," said Stocchino before signing off. "For now I can only say that underneath the ice there's a bit more than what we had expected."


1. Baia di Gerlache
2. BAIA DI TERRA NOVA
La Baia di Gerlache chiusa ancora dai ghiacci. Qui si insedierà la base italiana

Gerlache Bay still closed by ice. Here is where the Italian base will be established.

Key: 1. Gerlache Bay
2. Terra Nova Bay

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- END -